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AgroInvest Project

QUARTERLY REPORT OCTOBER 1 – DECEMBER 31, 2012

January 2013

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International.

AGROINVEST

QUARTERLY REPORT
OCTOBER 01, 2012 – DECEMBER 31, 2012

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

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

AMDI	Agrarian Markets Development Institute
CLIN	Contract Line Item Number
COP	Chief of Party
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GOU	Government of Ukraine
IFC	International Finance Corporation
IFI	International Financial Institution
LGAF	Land Governance Assessment Framework
LINC	Local Investment and National Competitiveness project
LOE	Level of Effort
MAPF	Ministry of Agrarian Policy and Food
NACUU	National Association of Credit Unions of Ukraine
NGO	Non-governmental Organization
OFM	Owner Finance Mechanism
PO	Producer Organization
RFA	Request for Applications
RFP	Request for Proposals
SLA	State Land Agency
SMP	Small and Medium Producer
SRS	State Registration Service
SOW	Scope of Work
UFE	Ukrainian Futures Exchange
UNITER	Ukraine National Initiatives to Enhance Reforms Project
VCA	Value Chain Actors
WTO	World Trade Organization

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 October-December 2012, the AgroInvest project team continued technical implementation activities in the project focus areas. Key activities and accomplishments during this period included the following:

- Finalized and submitted LGAF reports to the World Bank for review prior to their official submission of the report to the GoU and presented for public discussion.
- Announced competition for the second round of grants to industry associations for capacity building and advocacy activities.
- Scaled up the Legal Land Rights Services Program to help citizens understand and protect their land rights. The program is operational at the national level (through the Land Rights Resource Center and Web-portal project) and in eight oblasts of Ukraine (through grant agreements with three providers of secondary legal land rights services).
- Launched the Land Rights Public Education and Outreach Campaign.

- Completed the field phase of the Baseline Survey on Land Rights Awareness, Small- and Medium-scale Agricultural Producers Access to Finance, and Agricultural Market Infrastructure. The analytical report will be ready in January 2013 followed by a wide discussion of the findings through a series of roundtables.
- Developed the comprehensive “Market Survey on the Current Status of Agrilending in Ukraine” and presented the Market Survey results to AgroInvest partner banks as a meaningful platform for strategic agrilending expansion.
- Completed the multi-session training program on agrilending for credit union specialists. This program trained 156 specialists to begin conducting trainings on agrilending practices to their colleagues and SMPs.
- Developed and introduced a number of instruments to enhance the quality of lending to SMPs by credit unions, namely:
 - Individual agriculture producer creditworthiness assessment tools;
 - A financial-and-mathematical model for calculating loan interest rates;
 - Instruments to improve the quality of ag-lending loan portfolios of credit unions; and
 - Web-tools for SMPs’ to increase their awareness of, and access to, obtaining financing through credit unions.
- Presented Owner-Financing Mechanism to two leading Ukrainian banks as well as the Project’s established partner banks, and received their commitment to implement the mechanism when the moratorium on the sale of agricultural land is lifted
- In collaboration with Ms. Horyna, a Member of the Verkhovna Rada (Parliament) of Ukraine, contributed to the adoption of law #10068 “On Amendments to the Tax Code of Ukraine (stimulation of the development of agriculture cooperation,” by the Verkhovna Rada, which was signed into law by the President of Ukraine.
- With the support of AgroInvest, the Verkhovna Rada passed the law #11221 "On amending the Law of Ukraine 'On Agriculture Cooperation'" on November 20, 2012. This law is expected to be signed by the President of Ukraine in January 2013.
- At the request of the Ministry of Agrarian Policy and Food, the Project executed an analysis of, and proposed recommendations to, the draft guidelines on accounting operations of agriculture servicing cooperatives.
- Completed the feasibility study for the development of Shelen wholesale agriculture market in Rivne oblast.
- Completed phase 1 of the feasibility study for developing a market in Hola Prystan raion, Kherson Oblast. The study focused on the production and

marketing of agricultural produce in the market catchment area and proposals on the market facilities structure were prepared.

- Completed Phase 1 of the feasibility studies for developing two wholesale/retail agriculture markets in the Crimea. As a part of phase 1, the project conducted marketing studies and developed proposals on the structures of the facilities in Dobre village, Simferopol raion, and Zuya town, Bilohorsk raion.
- Selected firms on a competitive basis to conduct feasibility studies for (i) the renovation of the milk processing facility of the agriculture servicing cooperative, The Dairy Dnister, and (ii) the development of a slaughterhouse / facility in Bilozirka raion, Kherson oblast.

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

In November 2012, the Verkhovna Rada of Ukraine approved amendments to the Land Code which extended the moratorium on sale of agricultural land until January 1, 2016 and renamed the Draft law on Land Market to the Draft Law on Turnover of Agricultural Land. These amendments were signed by the President, published and became effective on December 20, 2012. Other legislative developments included the approval of amendments to various other laws and regulations dealing with land issues.

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

- Analysis and comments to the Law of Ukraine “On Amendments to Certain Legislative Acts on Delineation of State- and Communally-Owned Land” regarding the status of the State Land Agency (SLA) of Ukraine. The above law introduced changes to the legislation that make the responsibilities of the SLA contradictory and incomplete. The Project developed an explanation and detailed proposals to address this issue and submitted them to the parliamentary Committee on Agricultural Policy and Land Relations for Approval. A copy of these proposals is attached as Annex 1 (in Ukrainian).
- Developing recommendations to address legal issues arising from a different status of the land plots with cadastre numbers and the land plots where the cadastre numbers have not been assigned. These differences will prevent the registration of land plots without the cadastre numbers. The Project has shared its ideas on this issue during a number of public events attended by representatives of the GoU. As a result, the State Land Agency and the State Registration Service developed a draft law to address this issue and registered it in the Verkhovna Rada of Ukraine on December 2012 (Draft Law On Amendments to Article 24 of the Law of Ukraine On Registration of Rights and Restrictions to Immovable Property).

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

- Development of comments to the Law of Ukraine “On amendments to the Land Code of Ukraine regarding acquisition of land ownership” aiming at bringing the terminology of the Land Code of Ukraine in accordance with the terminology of the Commercial Code of Ukraine and the Law of Ukraine “On Legal Status of Foreigners and Stateless Persons;”
- Preparing changes to the Cabinet Resolution No. 808 of August 8, 2012 to decrease the costs of land registration and simplify administrative procedures;
- Drafting proposals to amend newly adopted law No. 5394-VI “On amendments to some legislative acts of Ukraine on deregulation of economic activity in the areas of land management and appraisal activities.” This law cancels licensing for land management activities which may result in a dramatic downgrade of land management services and numerous conflicts;
- Developing recommendations regarding amendments to the Law of Ukraine No. 5462-VI “on Amendments to legislative acts of Ukraine on activities of the Ministry of Agrarian Policy and Food, Ministry of Social Policy, other central government agencies, whose activities is guided and coordinated through corresponding ministers.” Enactment of this law may result in numerous negative consequences, such as considerable complication of land registration procedures. The Resource Center suggested amendments that would help prevent this undesirable development. A letter describing these recommendations was sent to the President of Ukraine on December 12, 2012;
- Preparation of comments to the draft Cabinet Resolution “On Amendments to Cabinet Resolution No. 835 of August 1, 2011,” which proposed to establish prohibitively high rates for official certificates which would make it very expensive for rural citizens to register their land rights. A letter with comments on these legislative changes was sent by the Land Union of Ukraine to all relevant government agencies on December 28, 2012 (attached as Annex 2 in Ukrainian).

Land Market Implementation Proposals

During the reporting period, AgroInvest continued exploring and developing proposals related to implementation of the land market, in particular the Field Association Concept. In November-December 2012 the project held five additional regional focus groups to present and discuss the Field Association Concept with land share owners. The focus group discussions were interactive and land-owners were able to express their opinions and attitudes towards ways to protect their interests and their land rights.

The meetings were organized in the following regions:



Focus Group on the Field Association Concept, Dnipropetrovsk
December 5, 2012.

- Kharkiv, Borivka raion, Boguslavka village, November 12, 2012
- Chernigiv, Bobrovytsia raion, Svidovets village, November 16, 2012
- Crimea, Sovetsky raion, Urozhayne village, November 19, 2012
- Vinnytsia, Nemyriv raion, Mukhivtsi village and Kalynivka raion, Radivka village, November 23, 2012
- Dnipropetrovsk city, land owners from five raion participated in the focus group, December 5, 2012.

In total, 109 land share owners participated in these focus groups.

To facilitate these focus groups and analyze the findings, AgroInvest engaged a local agricultural economist from the Institute for Economic and Forecasting of the National Academy of Sciences of Ukraine. The consultant and AgroInvest staff presented the findings and recommendations to USAID on December 14, 2012. The findings of the study will be used while developing and finalizing the Field Association Concept, as well as during preparation of a legal analysis to implement the Concept. In addition, experts from the Land Union of Ukraine made a presentation of their own findings and recommendations based on three focus groups held by the Land Union under a grant provided by AgroInvest.

During the reporting period, AgroInvest established working relationships with the Institute of Economics and Forecast of National Academy of Sciences of Ukraine, as well as Association of Village Mayors of Ukraine in order to promote the Concept of Owners' Associations.

Land Governance Assessment Framework (LGAF)

AgroInvest completed the final LGAF report in consultation with the World Bank. In particular, the executive summary of the report was updated to include justification narratives for a list of important subjects related to agricultural land market. These included:

- avoiding any monopoly powers of the State Land Bank regarding agricultural land mortgages and limiting the scope of its powers and duties to those of a bank
- avoiding restrictions on the amount of agricultural land which can be leased
- allowing legal entities to own agricultural land
- introducing an anti-speculation tax based on a capital gains basis
- justifying the creation of owners associations
- justifying owner financing mechanisms

The Project also updated other sections of the document to reflect the current status of land legislation. The report has been sent to the World Bank for their final review.

AgroInvest also prepared a Ukrainian version of the document. It is expected that the World Bank will finalize its internal panel review of the LGAF report in January 2013.

AgroInvest made another regional presentation of LGAF expert conclusions and recommendations at a roundtable entitled "Registration of Land Ownership" in Zhytomyr oblast on November 30, 2012. The round table participants included leaders and representatives of the central and local departments of the State Registration Service of Ukraine, the Ministry of Justice of Ukraine, the State Agency for Land Resources of Ukraine in Zhytomyr oblast, agriculture development departments, local councils, experts, and representatives of the media. The issue of having an integrated and secure system to share data between two registration agencies to allow one-stop registration was key during a discussion that followed the presentation.

Producer Organization Development Policy Initiatives

The Project has made further progress in improving the legal framework for developing producer organizations. The draft Law of Ukraine "On Amendments to the Tax Code of Ukraine regarding the settlement of certain tax issues" № 10068 was approved by the Verkhovna Rada in the second reading on October 2, 2012. This law was subsequently signed by the President and published on November 20, 2012 (Law № 5412-VI). This law repealed provisions of the Tax Code which adversely affected rural Ukrainians engaged in producing agricultural products and created disincentives for rural population to participate in agricultural cooperatives. In addition, it created a legal environment for more transparent and effective sales of agricultural products from small producers to end users.

Another draft law important for development of producer organizations - draft Law "On amending the Law of Ukraine 'On Agriculture Cooperation'" (№ 11221) developed with AgroInvest support – was approved by Verkhovna Rada in the first reading on October 16, 2012 and in the second and final reading on November 20, 2012. It is now awaiting signature from the President. This law governs the tax status of cooperatives and will significantly improve the legal and tax status of agricultural cooperatives and their members by resolving the following important issues: (i) establish a non-profit status for cooperatives; and (ii) remove the existing double-taxation of agricultural service cooperatives and their members who sell their produce through the cooperative. Implementation of this law will have a positive impact on pricing of the food market and create conditions for more transparent storage and marketing of agricultural produce. Additional information on AgroInvest's involvement with this law can be found under Component 3.

During the reporting period AgroInvest also updated and refined the guidelines on accounting operations of agriculture servicing cooperatives and evaluating their performance. The guidelines were published by the Ministry of Agrarian Policy and Food (MAPF) for public discussion in December 2012.

Other Policy Initiatives

The legislation aimed at increasing access to finance for agricultural producers through pre-harvest and post-harvest finance instruments, which was supported through an AgroInvest subcontract with the Agrarian Markets Development Institute (AMDI), made further progress. In particular, the draft Law on Agrarian Receipts and on the Guarantee Fund for the System of Grain Warehouse Receipts were approved by the Verkhovna Rada in the second reading in November and was sent to the President for signature in December. This legislation will improve access to finance for agricultural producers and allow for the strengthening and expansion of the system of warehouse receipts and enable development of new instruments for pre-harvest financing in the sector.

On October 15, 2012 AgroInvest made presentations on farm/consumer support programs currently functioning in the United States and the European Union at the meeting of the Public Council of MAPF. This included a description of the evolution, current status and pending reforms of U.S. and EU farm support and consumer safety programs by professor William Meyers from the University of Missouri and a presentation on the U.S. experience with targeted transfer mechanisms for low-income consumers by Elizabeth Weber from the Food and Nutrition Service of the United States Department of Agriculture. On October 16, 2012, the same presentations were given at the Annual Meeting of the National Congress of Agricultural Economists in Kyiv.

Both presentations were made at the request of MAPF of Ukraine and industry associations to help Ukrainian policy-makers understand how the farm and consular support policy instruments work in other countries so that this information could be applied in developing similar policy instruments in Ukraine.

The Project provided support to the Third Ukrainian Grain Congress which was held on October 16-17 in Kyiv under the auspices of the Ukrainian Grain Association, a national grain trading association and information-analytical agency "APK-Inform", a leading national news agency in agribusiness sector. The main theme of the Third Ukrainian Grain Congress was *“Development of the grain market through the formation of effective agrarian policy”*.

AgroInvest focused its support to the Congress by inviting leading U.S. experts to make presentations and participate in discussions on various aspects of agricultural policy issues. The following presentations were made with Project support:

1. *USDA Grains & Oilseeds Outlook by Edward W. Allen U.S. Department of Agriculture Economic Research Service*
2. *Implication of 2012 drought for US. Ukraine and global markets: the FAPRI outlook by William H. Meyers, Howard Cowden Professor at MU.*
3. *Ukraine and Corn: Exports or Ethanol? by Randall Olson, Iowa Biodiesel Board.*
4. *Iowa’s Biodiesel Industry: Overview and Outlook by Randy Olson Executive Director, Iowa Biodiesel Board.*

5. Iowa Corn Growers Association and opportunities of its application in Ukraine by *Mindy Larsen Poldberg, Director of Government Relations Iowa Corn Growers Association.*
6. Iowa's Soybean Production, Processing, and Biodiesel Development by *Chad Hart, Associate Professor/Grain Markets Specialist.*
7. National School Lunch Program and the Supplemental Nutrition Assistance Program by *Elizabeth Weber, Assistant to the Director Program Development Division Supplemental Nutrition Assistance Program Food and Nutrition Service, USDA.*

The Third Ukrainian Grain Congress served as an important platform for the exchange of information and experience on a broad range of agricultural policy issues that deal with grain market development in Ukraine and in the Black Sea region. Discussions held at the Congress will help national policy makers to develop and implement better strategies and policies in the grain sector, raise awareness of relevant international experience on sector policies and facilitate further development of Ukraine's agricultural sector.

AgroInvest has also provided support to the International Conference "Niche Agricultural Crops: New Opportunities for Agribusiness in Ukraine" which was held in Kyiv on December 6-7, 2012. The main theme of the conference was the assessment of the situation on the market of niche agricultural crops such as malting barley, oats, millet, peas, buckwheat, mustard seed, flaxseed, sorghum and chickpeas. The discussion focused on the development of the markets and policies for these agricultural crops.

Task B: Strengthen Industry Associations

During the reporting period AgroInvest signed a grant agreement with the National Association of Agricultural Advisory Services "Dorada". The main purpose of this grant funded program is to strengthen capacities of the Association and its members – agriculture extension services, agriculture advisors and experts – to analyze economic policies at the national and local levels, specifically, with regard to providing agriculture extension services to small and medium- size agricultural producers and to advocate based on the interests of the Association's members.

The grant program will allow the National Association of Agricultural Advisory Services "Dorada":

- to formulate a plan/strategy for developing agricultural extension services and a plan for organizational development of the Association
- to develop recommendations for local governments on improving local policies with regard to agricultural extension activities
- to establish ways to promote best practices of agriculture extension service operations and to advocate for the interests of its members and their customers
- to expand the customer base of agriculture extension services, in particular, through a unified system of electronic consulting and information sharing

During October-December 2012 AgroInvest continued implementing its grant programs with six of its partner industry associations:

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

At the end of December 2012 AgroInvest announced competition for a new round of grants to industry associations for capacity building and advocacy activities. Project proposals under this competition will be received in January 2013 and evaluated in February and March through a two tier selection process.

Task C: Provide Public Education for Land Rights

The Project continued the Legal Land Rights Services Program to help citizens understand and protect their land rights and expanded it to include an additional oblast (Dnipropetrovsk). AgroInvest also launched the Land Rights Public Education and Outreach Campaign and completed the field phase of the Baseline Survey on Land Rights Awareness, Small- and Medium-Scale Agricultural Producers Access to Finance, and Agricultural Market Infrastructure.

Legal Land Rights Services Program

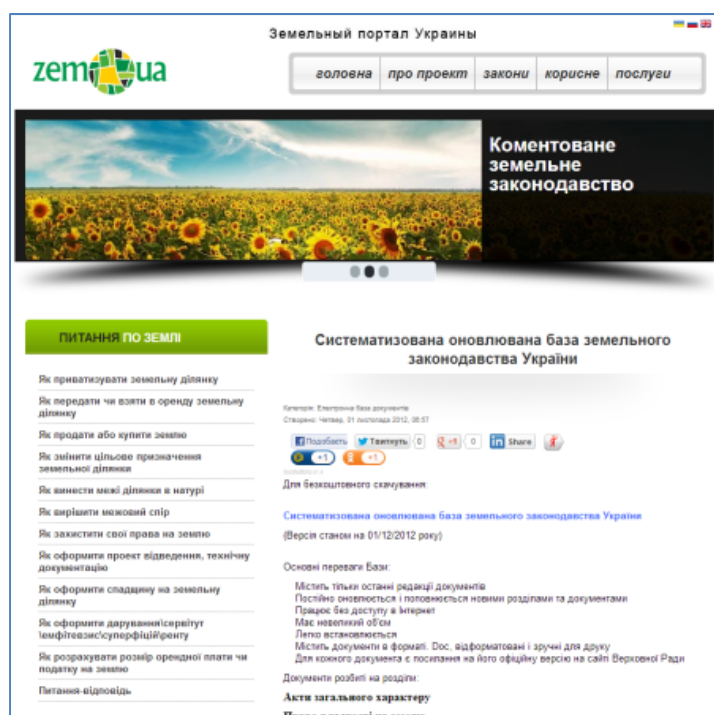
During this quarter, the Legal Land Rights Services Program continued and advanced. Three grantees that joined the program in the previous reporting period, namely the Institute of Transitional Societies with a project "Legal Assistance to Land Owners in Zhytomyr Region;" NGO "The First Agrarian Cluster" with a project "Resolving of Land Issues in Rural Areas" (covering Chernivtsi, Ivano-Frankivsk, and Ternopil oblasts); and the Kherson Regional Organization "Committee of Voters of Ukraine" with a project "Land Rights: Consulting, Protection of Rights, and Bright Education" (covering Kherson, Mykolaiv, and Odessa oblasts), continued to evolve and serve ever-increasing numbers of rural landowners (for details, see below).

In addition, AgroInvest signed one more grant agreement as part of the Legal Land Rights Service Program, with the NGO "Civic Platform on Implementation of Land Reform in Dnipropetrovsk Oblast" for a project "Primary and Secondary Legal Land Rights Services to Rural Citizens and Farmers in Dnipropetrovsk Oblast."

Thus, the Legal Land Rights Services Program currently covers eight oblasts of Ukraine with the support of the Kyiv-based Land Rights Resource Center.

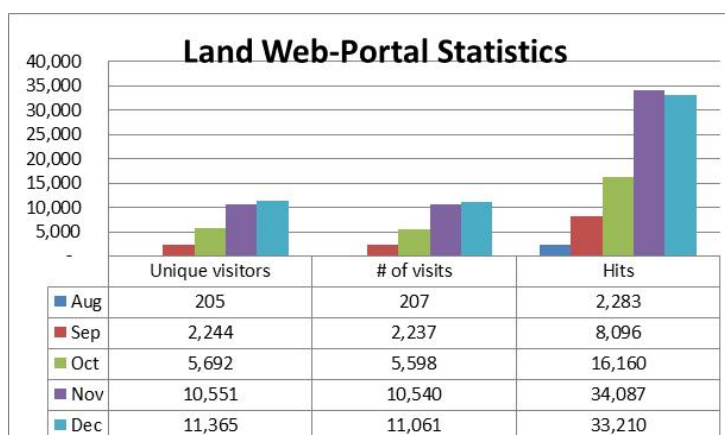
The providers of the legal land rights services are connected with each other and with the Land Rights Resource Center through an intranet group established for these purposes: <https://landunion.teamlab.com>. This intranet is instrumental in allowing for daily communications among the program participants, and as a database of materials developed by the Resource Center and other participants, including weekly land legislation updates. According to providers of secondary land rights services, they utilize this website on a daily basis to aid them in their everyday work.

The Land Web-portal (www.zem.ua) continued to evolve during the reporting period. It contains answers to commonly asked questions on both land ownership and land lease relations, such as how to privatize a land plot, change the zoning, resolve a land border dispute, protect land rights, and many others.

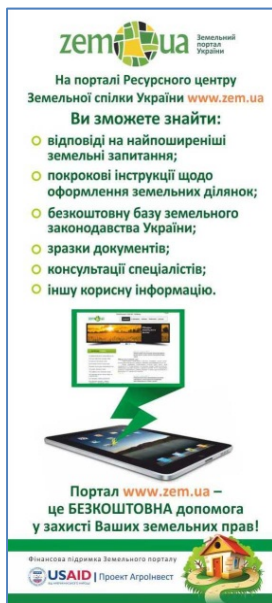


The Web-portal contains the following features:

- a systematized and regularly updated database of land legislation
- weekly reviews of new legislative initiatives
- comments on land legislation
- glossary of land terminology
- sample court decisions on land issues
- roadmaps; i.e. step-by-step instructions regarding a number of land-related procedures
- downloadable templates of documents
- a full list of licensed land surveyors (for users to be able to choose a reliable land surveyor for purposes of preparing documents for land registration, etc.)



- contact information of local authorities of the State Registration Service of the Ministry of Justice
- video materials on land issues (interviews with leading experts, information on web-resources of government bodies, etc.)



In the reporting period, the web portal received more than 27 thousand visits and 83 thousand hits. For detailed statistics, please see the chart to the right.

In order to help the target audience access the web-portal and obtain useful information, the Resource Center produced a flyer, which is being disseminated among the program participants. The flyers are available in the offices of legal land rights service providers, local libraries, and on the displays in local offices of the Ministry of Justice, State Registration Service, etc. The intention is to disseminate this flyer as widely as possible to promote the web-portal. One reason for this focus is that land legislation and regulations are updated so frequently that any printed material may become outdated even before it leaves the publishing house. Use of such outdated materials may be misleading. The web-portal, on the contrary, contains the most up-to-date information. Supported by consultations by providers

of legal land rights services, this information can help ever increasing numbers of land owners protect their land rights.

6,000 copies of the poster “How to Privatize a Land Plot,” produced by the Land Rights Resource Center, were disseminated among the program participants.

In addition to that outlined above, during the reporting period the Resource Center also:

- Established cooperation with the Association of Attorneys of Ukraine, which envisions providing training to attorneys on land issues in order to help them to better understand land legislation and protect the land rights of their clients;
- Analyzed land laws and initiatives (this is described in detail under Task A of Component 1);
- Provided 79 consultations to providers of primary and secondary legal land services;
- Conducted five training events for providers of primary and secondary legal land services:



Land Rights Resource Center delivers a seminar on novelties in land legislation, for lawyers, Kyiv November 22, 2012

1. “Legal Empowerment of Citizens in the Sphere of Land Relations”, October 19, Khotyn, Chernivtsi oblast;
 2. “Registration of Land Plots and Rights to Real Estate,” November 6, Kyiv (target audience included experts of extension services from Vinnytsya, Odessa, Zhytomyr, Zaporizhya, Kyiv oblast, and Crimea);
 3. “Implementation of Land Rights: Novelties of Land Legislation,” November 9, Kolomyja, Ivano-Frankivsk oblast;
 4. “Registration of Land Plots and Rights to Real Estate: Novelties in 2013,” November 22, Kyiv (target audience included lawyers);
 5. “Registration of Land Plots and Rights to Real Estate: Novelties in 2013,” December 18, Kyiv (target audience included providers of secondary legal land rights services, including partners of USAID AJLEP).
- Analyzed issues that rural land owners face in order to identify typical issues that will be addressed through roadmaps;
 - Developed and posted new templates of documents and roadmaps on the Land Web-Portal:
 - Template of application for privatization of a land plot;
 - Roadmap for registering a appurtenant easement run with land;
 - Roadmap on the registration of a land lease agreement;
 - Roadmap “How to privatize a land plot for gardening?”
 - Sample contract of life maintenance (care), which transmits land to the caregiver;
 - Sample contract of inheritance of a land unit.
 - Participated in the information campaign (participated in events/meetings of the Agrarian & Land Press Club, commented on land issues for press, participated in TV and radio programs.



Committee of Voters delivers a seminar on land registration, town of Bilozerka, Kherson oblast
December 25, 2012



Grantee Coordination Meeting
December 18, 2012, Kyiv

During the reporting period, providers of secondary legal land rights services successfully:

- Operated a total of 14 contact points in seven oblasts, including permanent offices and contact points providing services according to established schedules; the contact points work either in village halls or in offices of the state cadaster;

- Conducted a total of eight events (roundtables, presentations, community meetings, seminars for local authorities) in seven oblasts attended by 244 participants;
- Provided 1339 consultations to vulnerable landowners;
- Helped 768 people register their land deeds and resolved 59 conflicts;
- Disseminated among their clients 5258 copies of materials developed by the Resource Center.

In order to enhance coordination amongst the secondary land rights program participants, USAID AgroInvest organized a coordination meeting on December 18, 2012. Participants included all grantees from seven oblasts of Ukraine who shared best practices and discussed issues with the Land Rights Resource Center.

Among other issues, a list of future roadmaps to be revised and created was identified as a result of the discussions. Of special interest was the experience shared by the Kherson Committee of Voters who not only provides consultations to villagers and training to village mayors, but also works with school teachers, and organizes “open lessons” in local colleges for the young generation.

On December 18, the Land Rights Resource Center provided a half-day training to lawyers of the partner organizations on novelties in land legislation that take effect on January 1, 2013, and provided detailed answers to numerous questions. Notably, this training was also attended by partners of the USAID AJLEP Project who also provide legal land rights services as part of their programs. They not only learned about the revised and new in land legislation but also received first-hand information about the Land Rights Resource Center and Web-Portal.

In addition to the ongoing projects, a grant agreement for the project “Primary and Secondary Legal Land Rights Services to Rural Citizens and Farmers in Dnipropetrovsk Oblast” was signed on December 20, 2012 with the Civic Platform for Land Reform in Dnipropetrovsk oblast. The new partner received training on the regulations and guidelines dictating their agreement and lunched their project activities in the Dnipropetrovsk oblast.

Baseline Survey and Land Rights Public Education and Outreach Campaign

Baseline Survey

On November 1, the project launched the second phase of the Baseline Survey on Land Rights Awareness, which included the collection of qualitative data and quantitative data through 5200 questionnaires and 7 focus groups. The field phase of the survey was completed on December 25 at



Roundtable on registration of land ownership, November 30, 2012, Volodarsk-Volynsky, Zhytomyr oblast

which time the data was converted into electronic format. The findings will be available in January 2013. It is planned to organize a series of round tables to present and discuss the survey findings.

Land Rights Public Education and Outreach Campaign

This quarter, the project formally launched the Public Education and Outreach Campaign through a series of nine events in the oblasts and at the national level. These events established relations between the project's grantees involved in the aforementioned Program and oblast authorities in the respective oblasts. They focused on disseminating information about the Program launching in the oblasts among rural landowners and about the contact points where they can find access to providers of primary and secondary legal assistance. 274 participants attended the events (including individuals from central and local government departments for agriculture, central and local Departments of the State Land Agency and State Registration Services, NGOs, farmers, landowners, and media) and resulted in a total of 118 media appearances with an estimated total audience of over nine million based on media outlet circulation and viewer rates.

In the reporting period, the Project completed the competition for the Land Rights Awareness & Education Campaign and the subcontract was signed with the Center for Ukraine Reform Education LLC (CURE) on December 10, 2012. The campaign includes a media campaign, TV and radio talk shows, question-and answer sessions, and the establishment and operation of the Agriculture and Land Press Club.

On December 24 and 28, the first two radio programs as part of this campaign were aired. The radio program, titled "My Land, My Right," and will air on a bi-monthly basis. The first program, "My Land, My Right," was dedicated to the presentation of the USAID AgroInvest Project and its Legal Land Rights Services Program. The second radio program of "My Land, My Right" entitled "New Procedure for Registration of Rights to Real Estate." The program was about innovations in the registration of land rights, which will come into effect on January 1, 2013. The program featured an interview with the Deputy Director of the Department for State Registration of Rights to Immovable Property of the State Registration Service of Ukraine, Anatolii Leshchenko, and Chief Legal Adviser of USAID AgroInvest, Pavlo Kulynych.

On December 26, 2012, the Land and Agrarian Press Club, established with the support of AgroInvest, held its first meeting as part of the Land Rights Public Education and Outreach Campaign. The subject matter of this meeting was "How much will Ukrainian villagers need to pay for registration of their property rights?" Speakers at the meeting included representatives from the

Department for State Registration of Rights to Immovable Property of the State Registration Service of Ukraine, the Land Rights Resource Center, the Land Union of



Ukraine; private notaries, and USAID AgroInvest. In total thirty-five journalists attended and participated in the meeting.

COMPONENT 2: Stimulate Access to Finance

During the reporting period, AgroInvest work under Component 2 primarily focused on the following activities:

- Developing partnerships with banks focusing at their marketing strategies outlining
- Conducting the final training sessions on enhancing technologies of lending to SMPs via credit union.
- Conducting agrotechnological trainings for SMPs with participation of credit union specialists.
- Developing partnership with industry leaders (value chain actors) for joint activities to increase SMP access to finance

Work with Partner Banks

Supporting marketing strategy development

The “Market Survey on the Current Status of Agrilending in Ukraine” was executed under a subcontract implemented by LLC TA Consult in close cooperation with AgroInvest specialists. The Market Survey focused on collecting information pertaining to SMP argilending, identifying specific agrilending technologies in Ukraine, planning seasonal agriculture operations by agro-technologies with the specific costs associated with each season, and the distributing currently used agro-technologies by oblast.

The Market Survey results will be utilized by financial institutions to specify regions to focus on in their marketing strategies and thus offer a targeted selection of agro-technologies to start training credit analysts and developing new effective credit products.

The Project presented the Market Survey results to Erste Bank, Kredobank Metabank, and representatives of USAID at the AgroInvest office on November 14th, 2012. During the presentation, special attention was paid to discussing the application of technological cards. The cards are essentially Excel-based calculators whereby users input data and results are calculated. They serve as the basis for conducting risk assessments of SMPs’ business effectiveness. The technological cards demonstrate the links to the financial characteristics (i.e. costs and revenues with lending options outlined) that are typical for various agrotechnologies applied by SMPs. The cards would allow banks to calculate detailed cash flow outlooks for agricultural operations. They contain a table with a list of the agrotechnological operations (for instance, soil preparation, fertilizers application, and planting) in line with the application period and average costs of the corresponding services and inputs. By their nature and practice, SMPs do not have reliable and complete

financial reports, thus, the only real risk assessment approach that can be utilized at present is based on their cash flow construction and subsequent analysis and monitoring.

The banks that attended the presentation acknowledged that the results of the Market Survey are very useful for their marketing and analytical departments. They especially appreciated the set of technological production cards for agrotechnological lines (typical and prospective for SMPs). These banks have already begun developing their marketing strategies based on the Market Survey's findings and AgroInvest will continue to work with these them to develop a corresponding set of training sessions for their credit analysts.

Support in acquiring risk assessment instruments

AgroInvest continued to assist its three partner banks in discussions with the International Finance Corporation (IFC) on attaining modern tools for modeling cash flow generation for SMP applicants. The IFC is the sole supplier of the branded software package (which includes the actual software and training on its installation and use). As of the end of the reporting period, all three banks successfully completed the due diligence process (including verification of the banks' credentials, statutes and ownership information, historical data, current financial status, and past performance), which was required and executed by the IFC. The banks and the IFC also agreed on action plans and entered into contract negotiations for the procurement of the software package.

The package of services is negotiated by the IFC and the bank. As a rule, the initial offer package includes assistance in business plan development, consulting on agroinsurance options and procedures, and installation and maintenance of software for automated risk assessment on a cash flow basis. The bank selects the options from the initial offer according to the bank's market strategy, current status of agrilending development, staffing etc., prior to concluding an agreement with the IFC.

As the software developed by IFC assumes risk assessment for mainly industrial grain cops (cereals), the banks rely on AgroInvest support in incorporating other crops and livestock processing technologies that are specific for SMPs (for instance, fruits & vegetables, greenhouse technologies, milk production, and pig breeding). As a major portion of SMP businesses heavily depend on the cash flow generated by these specific technologies, the banks require AgroInvest consulting assistance in developing the technological cards described above and the corresponding training of staff.

Facilitating access to preferential external capital sources

During the quarter AgroInvest linked its partner banks with the German-Ukrainian Fund (GUF) as a means of helping them to secure external capital to be used for agrilending. The GUF offers external financing at a low cost to Ukrainian banks that can satisfy the GUF's qualification requirements, and intend to use the financing to lend to SMPs at a cost significantly less than the standard market lending levels.

AgroInvest presented its partner banks and corresponding action plans to the GUF and provided support at the parties' initial meetings. It is worthy to note that the positive results of the due diligence conducted by the IFC supported the banks' legitimacy and seriousness

in the eyes of the GUF. For instance, the rate of lending to farmers based on this funding resource would be limited to 17.5%, whereas the current market bank lending rate exceeds 24-25%. Each bank which concludes an agreement with GUF is able to apply for up to 5 million Euros.

At present, all three partner banks have confirmed their readiness to formally apply to the GUF for the low cost external capital. AgroInvest will continue to support this process as needed in the coming months.

Support of long-term prospects – Credit Guarantee Scheme

AgroInvest participated in a workshop held by the Organization for Economic Co-operation and Development (OECD) on developing recommendations for a credit guarantee program to be presented to the GOU.

The credit guarantee program is structured to address the collateral shortage within SMPs. Instead of hedging lending risks on the basis of nonexistent collateral, the OECD workshop recommended establishing a Credit Guarantee Fund to present to the GOU. Commercial banks are envisaged as an essential element of the Fund, and a qualification metric for their involvement/participation includes, inter alia, awareness of agrilending to SMPs and corresponding practical experience. All three of the Project's partner banks possess these qualifications. As such, they were presented as potential pilot banks and were accepted by the OECD as candidates for the pilot development program. At the next workshop, scheduled for February 2013, the banks' participation in the scheme will be discussed, structured, and agreed upon in order to ensure the proper working balance of all participants' capabilities and interests and, consequently, effective increase of agrilending to SMPs in the case that the credit guarantee program is accepted by the GOU and actually implemented.

Credit Unions

Capacity building focused on agrilending – development of technologies of lending to SMPs

Evaluation of "Introductory Training"

The Component 2 team evaluated the results of the introductory training sessions on agrilending for credit officers of partner credit unions. The introductory training sessions consisted of two training modules: (i) Specific aspects of marketing financial services in rural areas; and (ii) Specific aspects of lending to small and medium-sized agriculture producers. Four sessions were conducted under each training module for credit unions participating in the Agri-lending Task Forces set up under the umbrella of VAKS/PZV and NAKSU with AgroInvest support. The training sessions were conducted at the regional level and, overall, 156 credit officers attended these training events.

AgroInvest evaluated the training on four levels using the Donald Kirkpatrick model: reaction, learning, behavior, and results. Seventy percent of the participants completed

the evaluation forms and acknowledged high appreciation for the effective training. Specifically, 96% of the participants transferred new knowledge to their colleagues, 68% noted that they used their newly gained knowledge in practical activities, and 85% mentioned that they keep the training handouts handy and occasionally refer to them.

Final Training on Agri-Lending

AgroInvest conducted the final series of training events for credit union specialists during this reporting period. The final training program was adjusted based on the evaluation results from the earlier training sessions. Questions in these evaluation forms were designed to better understand their wishes and needs in terms of knowledge, skills and tools of agri-lending.

Following the analysis of the evaluation data, the final two day training on lending to small and medium-sized agriculture producers was finalized:

	Topic	Duration	Trainer
1	Assessment of farm operations for lending purposes	Two hours	O. Kharsun
2	Specifics of valuation of agriculture equipment and machinery and agriculture animals for collateral purposes	Two hours	O. Kharsun
3	Evaluation of solvency and creditworthiness on the basis of farm's balance and income statement	Two hours	O. Kharsun
4	Evaluation of individual borrower creditworthiness	Two hours	T. Pentsak
5	Practical training session on effective sales: Part II	Seven hours	I. Khloponin

These final training sessions entitled "Specific aspects of lending to small and medium-sized agriculture producers: the final training" were held in Dnipropetrovsk on November 22-23, 2012 and in Lviv on November 27-28, 2012 for credit union members of the agri-lending task force set up under the umbrella of VAKS and in Kyiv on December 12-13, 2012 for NAKSU task force member credit unions. The trainings included 67 individuals.

Program for Training of Trainers in Agri-Lending for VAKS/PZV Task Force

This quarter, AgroInvest commenced the training of trainers program for the VAKS and PZV task force. The VAKS/PZV task force includes strong credit unions with numerous branches in villages throughout Ukraine. Participants of this program are expected to transfer their knowledge and experience in lending to SMPs to credit officers of VAKS and PZV member credit unions that were not able to attend these trainings.

The trainers were trained extensively in agri-lending focusing on the use and application of adult training techniques. Nineteen credit officers working in credit unions or

professional associations of credit unions participated in the program, including five individuals with past experience in conducting training activities, while nine were beginner trainers, and five did not possess any training experience or skills but were willing develop such skills.

The training of trainers was a four-day session, held in Kyiv on November 12-15, 2012. The future trainers will polish their new skills until late January 2013 when the final training session will be conducted. As of the end of December 2012, three trainers have already held trainings for their colleagues from three credit unions – “Kharkiv Benefit Society”, “Narodna Dovira” and “Unity through Natural Law”.

Individual Agriculture Producer Creditworthiness Assessment Tools

During the reporting period, much the Project focused on developing tools to enable lenders to accurately assess the creditworthiness of agriculture producers. Most SMPs and individual homesteads (rural households) in particular do not prepare proper financial statements which would confirm their incomes. They also do not they have regular official income or own any property to secure loans.

In order to address this common problem, the Project developed two options of varying levels of complexity for assessing agriculture producer creditworthiness that were presented to agri-lending task force member credit unions. One options is applicable for risk assessments of developed agribusinesses, whereas the second option is applicable for start-ups.

The Component 2 team will further enhance and adapt these two tools to the specific needs of each partner credit union. Although partner credit unions recognize the need to implement these tools, this will require them to change from well-established assessment approaches of assessment that take less time but are also less effective from the risk management point of view. They will require further support by AgroInvest in implementing and improving these tools.

In order to reduce the time spent on a borrower's credit assessment and increase its objectivity, the AgroInvest developed the third tool known as the "Farmer's Notebook" to



focus on basic, user friendly accounting principles. The cover of the Notebook can be seen to the left. The target group of Notebook users are small farmers and individual agricultural entrepreneurs. The main purpose of Notebook is for farmers to record ongoing income and expenditures so that when they apply for a loan, a they can submit the Notebook together with the package of the required supporting documentation to a credit officer who can then use this data to conduct a thorough credit assessment. This system is more efficient, cost effective and faster than the traditional method of straightforward questioning that credit officers currently use.

AgroInvest distributed 1000 Notebooks to partner credit unions in the Southern region in order to field test its utility and to further improve it as necessary.

Financial-and-Mathematical Model for Calculating Loan Interest Rates

Most credit unions use a competitive approach to setting interest rates on loans including loans to agriculture producers. This approach does not allow borrowers' needs or credit risks to be properly taken into account. To combat this, ABC-Center, an AgroInvest subcontractor, developed a financial-and-mathematical model for assessing credit risks and calculating loan interest rates. The proposed model enables credit unions to calculate the break even interest rates with and without allowance for risks associated with certain types of loans, as well as interest rates to reach certain levels of profitability with and without allowance for risks associated with certain types of loans. Furthermore, the proposed model will enable credit unions to assess the funding and income structure, and calculate the cost to income ratio to show the ratio of operating costs to net income (the margin that is the interest income less interest payments). All this is intended to set reasonable and market rates of interest on loans to agriculture producers.

The model and instruction manual were approved by AgroInvest and will be presented to credit unions at training events in January 2013.

Instruments for enhancing credit unions' loan portfolios for lending to small and medium-sized agriculture producers

AgroInvest partner, Informational-and-Advisory Service LLC, developed internal audit / internal auditor regulations and procedures for credit unions offering services to agriculture producers.

This package of regulations and procedures consists of the following documents:

- Regulations on organizing internal audits in a credit union.
- Sample documents needed to organize an internal audit in a credit union, namely:
 - Decision of the credit union supervisory board;
 - Regulation on the structural unit responsible for internal audit;
 - Rules and procedure for conducting the internal audit of the credit union;
 - Timeline for internal audits of the credit union for the year of 2013.
- Preparation for an inspection of the credit union by the National Financial Service Commission;
- General algorithm to be followed during an inspection of the National Financial Service Commission.

Informational-and-Advisory Service LLC conducted two seminars on these materials for 24 representatives from the NAKSU/AgroInvest task force member credit unions. The trainings consisted of two parts: 1) a theoretical part included a detailed analysis of regulations on internal audits in credit unions; and 2) a practical part where trainees received concrete recommendations and samples of all documents necessary to organize an internal audit in a credit union.

Measures to raise the awareness of small and medium-sized agriculture producers' access to finance through credit unions

During this past quarter, AgroInvest partner Informational-and-Advisory Service LLC demonstrated the National Association of Credit Unions' updated web portal and the agri-lending task force member credit unions' web pages, which were developed with AgroInvest support. Information on how small and medium-sized agriculture producers can access finance through credit unions is posted on these websites.

Additional notable achievements during the Quarter

- On December 19, 2012, AgroInvest signed the Memorandum of Interaction of Cooperation with the German Cooperative and Raiffeisen Confederation (DGRV) implementing *Reform of the Rural Financial System in Ukraine*, a technical assistance project administered by the German Society for International Cooperation (GIZ) and funded by the German Federal Government. The goals of the cooperation between the Parties under this Memorandum are to support the formulation of a proper legislative framework for developing the credit union system and market infrastructure for financing small and medium-sized agriculture producers and to help members of credit union associations master modern techniques for agri-lending and manage the risks associated with such lending.
- On November 21, 2012 six Ukrainian credit unions received awards at the First All-Ukrainian Contest "Stock and Financial Market Leader – 2012" administered by The Banker Journal. The credit union "Diya" ("Action") from Mena, Chernihiv oblast, was awarded "The Best Credit Union Operating in Rural Areas". This credit union has been an AgroInvest partner for the past year and applies many of the tools and instruments received from AgroInvest.
- Credit unions were engaged in the public education campaign on land rights. The article entitled "How to privatize a small land plot?" was published in the Credit Digest Newsletter and 14,000 copies were distributed to credit union members in Vinnitsa, Luhansk, and Chernihiv oblasts for free. This was the second issue of the newsletter and it is expected that in the future the Credit Union Newsletter will become an important source of information on new credit products offered by credit unions to small and medium-sized agriculture producers.
- In an effort to attract external funding for developing investment lending to small farmers, a number of meetings with partner credit unions were conducted by "Agro Capital Management" LLC (ACM). It was agreed, in partnership with the credit unions, to develop a special program for household financing. The first pilot project is planned with Kherson credit union "Narodna Dovira". It is assumed that the credit union, through its office in Velyki Kopani village in Tsyrypynsk Rayon district of Kherson region located near a wholesale market, will sell the ACM's products to its members under the agency agreement. As a result, it is expected that ACM will rapidly increase sales in Kherson Oblast, a new region for them, while

small farmers will obtain access to investment financing which will allow them to purchase new agricultural machinery and equipment. If the pilot project is successful, it is expected to be replicated in the ACM's already proven partnership mechanism with credit unions in other regions.

Value Chain Actors (VCAs)

Co-financing irrigation systems for seed growers

As Maisadour suspended its plans on irrigation system installations for their seed growing partners (SMP farms), a new VCA with strong interest in similar project development was identified Pioneer Hi-Bred Ukraine (hereafter, Pioneer).

Pioneer has operated in Ukraine since the late 1990s. Seed production is one of key business areas for the company. Thus in early 2013, a new seed plant located in Poltava oblast will start its operations. Seed supply of the plant is based on a partnership with several seed farms on a forward production contract basis. The multiannual contract assumes prepayment of production services to the farms, and strong technological supervision of all production stages by Pioneer. Being interested in ensuring sufficient seed supplies for the new plant's operations, Pioneer introduced new incentives for seed growers to support installation of irrigation systems. Thus, annual premiums on production service fees are offered for compensation for a farm in case of no yield on the irrigated field. Then, Pioneer proposes to include the supplier of irrigation equipment (Bauer) into joint discussion in order to add a portion of lending provided by the supplier.

AgroInvest facilitated joint discussions with Pioneer, Bauer, all three partner banks, and OIKO Credit Ukraine (financing company) on November 14th. All financial institutions confirmed their interest in participating in the project financing, and Pioneer assigned managers responsible for the project development. The timeline for further project processing was adopted, as Pioneer set a challenging deadline for the ordering of the required equipment by the end of January 2013.

The Project developed financial model of risk sharing and presented it to all financial institutions, Pioneer, Bauer and two farms – seed growers of SMPs-size. It was agreed that all potential participants will meet with the farms at their sites as soon as possible.

Development of cooperation between partner financial institutions and VCAs

AgroInvest facilitated discussions between two VCAs (Agrobonus, a partner of AgroInvest, and Monsanto) and financial partners (banks) on structuring financial cooperation between them. As such, AgroInvest developed and proposed for their consideration a financial model to finance a portion of trade credit (provided by VCAs to their SMPs-customers) by partner banks. Thus, a portion of trade credit offered by VCAs to their creditworthy SMP customers will be replaced by partner banks' lending. This way VCAs will be able to minimize their working capital and/or increase their sales to SMPs, while the banks increase their credit and savings portfolios. Given that, both trends will lead to increased lending volume to SMPs. Metabank and Kredobank participated these negotiations with the VCAs.

Both VCAs confirmed their interest in the cooperation scheme development and implementation; though Monsanto has requested approval by corporate credit department, which was still pending at the end of the quarter.

SMP Capacity Building

Trainings on agri technologies and correlated aglilending opportunities for SMPs in AgroInvest partners' focus segments.

The Project delivered three agro technological trainings this quarter to small farmers, partner credit unions members, and their staff. The trainings aimed to increase small farmers' awareness on modern production technologies, post-harvest handling, and marketing of agricultural products to provide them with affordable "turn-key" financial offers of partner credit unions. It is expected that the knowledge gained, and the best practices learned at the trainings will lead to increased economic efficiency of small farmers and that will increase their creditworthiness. Ninety-four farmers and partner credit union staff from Crimea, Kherson and Zaporizhzhya regions participated in the trainings on "Modern arch-type greenhouse construction," "Modern berry production technologies," and "Modern technologies for rabbit production in households".

With the Project's support, 49 fruit and berry farm representatives from Crimea and Southern regions participated in the second and third modules of the Agro School on horticulture (organized by Ukrainian Club of Agrarian Business), and two credit union "Hromada" (Kherson) representatives participated in the School of practical pig farming (organized by "Agrosoyuz" company).

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

To promote an innovative financing credit product for perennial crops, AgroInvest, in cooperation with Chernomorskiy Bank of Development and Reconstruction (ChBDR), supported the presentation of this product at the third module of the AgroSchool on horticulture for 35 participants of fruit and berry farms from the Southern region. As a result, three SMPs have already applied to the bank with a credit request.

This lending product was developed during the second quarter of Y2 for ChBDR. The bank's board approved it in March and envisions the provision of 5-year credit to SMPs for the acquisition of peach, apple, cherry and pear seedlings from the regional fruit leader- Crimean Fruit Company (CFC), with credit risks averted by an agreement by CFC to provide technology transfer to its clients as well as to purchase produce after the harvest. Innovation is related to set-up of contractual and technological links between the technology owner (CFC) and SMPs as a risk hedging instrument to ensure affordability of the long-term lending to SMPs. This type of long-term lending risk hedging was not present in this market prior to AgroInvest's initiatives.

Owner Financing Mechanism

Invitation letters to consider a partnership with AgroInvest on further developing and implementing the Owner Financing Mechanism (OFM) were mailed to such banks as Kredobank, Metabank, Oschadbank and Pravex (a nation-wide bank with a developed regional network of branches). The letter contained a clear plan for further cooperation, beginning with setting up a working group.

All banks confirmed their interest in further developing the OFM in cooperation with AgroInvest, in light of the announcement of the land moratorium being extended to January 2016; the banks stated they would prefer to begin the actual work closer to the actual lifting of the moratorium. Despite this, it is a commonly held belief that the moratorium will be lifted prior to 2016 and AgroInvest continues to work diligently in assuring all aspects of the OFM are ready for implementation as soon as the moratorium is lifted. As such, the Project will be working in the upcoming quarter to develop the required legal and contractual documentation for the OFM where banks serve as intermediaries.

Regarding the OFM in the cases of credit unions as opposed to banks, it was indicated in the legal review of the Owner Finance Mechanism conducted by Baker&MacKenzie in July, 2012 that there are certain legal complications for a credit union to act as an intermediary of the OFM. Preliminary discussions of this finding with other experienced lawyers who work practice with credit unions, prove that a credit union could be considered as an intermediary but within a more complicated operational scheme which could potentially require the participation of other entities (notaries, for instance). The same opinion was confirmed by a legal consultant of the credit union Hromada.

In response to these findings and discussions, it was decided to announce a competitive tender for providing a legal review of the structural opportunities for a credit union to act as an intermediary for the OFM. The scope of work of the resulting subcontract envisions practical tuning of the legal concept with a legal department of a pilot credit union.

COMPONENT 3: Facilitate Market Infrastructure for SMPs

Task A: Producer Organization Development

The major activities under Task A focused on the organizing and executing studies and trainings to develop the capacities of small and medium-sized producers and producer organizations. Considerable time was also spent working with several of the Project's producer organization grantees to finalize their required environmental mitigation plans and commence with their activities.

From October 8th through October 10th, 2012 AgroInvest conducted the training on "Establishing and developing dairy agriculture servicing cooperatives as exemplified by the agriculture servicing cooperative "Krymecoproduct." Twenty-two small and medium-sized producers of agriculture produce, representatives of regional and local government authorities from Chernihiv and Rivne oblasts, and other stakeholders interested in enhancing dairy value chains attended the training session. The event was co-sponsored

with the European Union funded "Reducing greenhouse gas emissions through recovery and sustainable management of peat bogs in Ukraine" project.

In order to disseminate best practices for developing and operating dairy cooperatives in the Kherson oblast, the Component 3 team, in conjunction with the Kherson oblast state administration, organized and conducted seminar on "Current status and prospects for development of agriculture servicing cooperation in Kherson oblast" on November 30, 2012. The seminar was also used an opportunity to identify strong cooperatives for further collaboration with AgroInvest.

In cooperation with the MAPF and the Policy Reform and Implementation Support Mechanism Project (PRISM), AgroInvest prepared and conducted two seminars on agriculture cooperative development. Central and regional government authorities as well as producer organizations from Kyiv, Zhitomir, Cherkasy, Vinnitsa, and Sumy oblasts in Kyiv attended the seminar held on November 30, 2012. A second seminar was held for participants from Odesa and Kherson oblasts and Crimea in Simferopol on December 20, 2012. Both seminars presented the newly adopted Law of Ukraine "On Agricultural Cooperation", a draft model which charters agricultural service cooperatives, associations of cooperatives and cooperative enterprises, accepted best practices. Through the knowledge gained during these seminars, participants are better able to understand the laws and regulations that dictate the formation and functioning of cooperatives in Ukraine which will ultimately lead to improvement of the cooperatives' business activities.

Component 3 also reviewed and refined the "Guidelines on accounting operations of agriculture servicing cooperatives and evaluating their performance," which were published by the MAPF for comment. In addition to bookkeeping practices, AgroInvest made recommendations regarding refining accounting standards for funding and grants received by cooperative from donors and state and local entities. Taking into account that the absence of such guidance is one of the fundamental problems of proper financial functioning of cooperatives in Ukraine, the introduction of these recommendations will help improve the economic model upon which cooperatives are formed and to which they ultimately adhere.

Producer Organization Grants Program

AgroInvest executed five grant agreements, and implementation began for producer organization projects aimed at developing agriculture produce value chains.

These projects include:

- Development of milk processing facilities
- Development of fruit and vegetable cold storage
- Compound livestock/animal feed production
- Processing of straw (bio waste) into fuel briquettes



Staff of the Storozhynets raion association of agriculture servicing cooperatives dairy

In December, the Storozhynets raion association of agriculture servicing cooperatives received \$25,000 to purchase a water heater. This grant provided an opportunity to start a cooperative enterprise by processing milk from cooperative members as well as dairy products. Additionally, this cooperative enterprise shall serve as a training center whereby the successes of dairy value chain development and strengthening will be shared with other individuals and organizations.



Industrial hot water boiler purchased with funding through an AgroInvest grant

Currently, four additional competitively selected producer organization projects are in the process of receiving a grant, and activities are planned to commence in Q3.

Additionally, AgroInvest announced the third round of the competitive selection process for the post-harvest handling and logistics grant program on December 17th.

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

Activities under Task B "Developing Effective Market Infrastructure for Small and Medium-Sized Producers" concentrated on the preparing design and feasibility studies to develop the wholesale agriculture market in the Rivne oblast. The Project also focused on the competitive selection of subcontractors to prepare feasibility studies to develop wholesale-and-retail markets and logistic centers in the Crimea and Kherson oblasts.

During the reporting period, Triada Ltd finalized the design, preparation, and feasibility studies to develop the Shelen wholesale agriculture market in Rivne oblast. An environmental impact assessment was completed, which assessed the possible environmental impact of the construction and operation of the market as well as options for mitigating such impacts. Additionally, Triada Ltd prepared a feasibility study for construction and business operations of the market and investment proposals for potential investors.

The Project held a round table entitled "Presentation of the feasibility study and investment proposal for developing the wholesale agriculture market 'Shelen,'" in Rivne on December 14, 2012. Following the round table, an additional special investment proposal for local producer organizations will be prepared and series of meetings with local farmers and farmer associations will be conducted within two months for the purpose of agreeing on and signing letters of cooperation in the market development.

The Project completed Phase 1 of preparing the design and feasibility studies for developing a market in the Hola Prystan raion during the quarter and included studies of production trends and the marketing of agricultural produce in the market catchment area.

Designs of the physical market's facility structures were prepared as well. The marketing study data served as the basis for preparing the market master development plan and its facility structure. The data will also be used for developing a business plan for market operations.

Phase 1 for designing and conducting feasibility studies for the development of two wholesale and retail agriculture markets in Crimea were completed. As part of Phase 1, the Project conducted marketing studies and developed proposals on the structure of the two markets: in Dobre village, Simferopol raion, and Zuya town, Bilohorsk raion. Public discussions related to marketing studies were held in Dobre on December 25, 2012 and in Zuya on December 26, 2012. During the public discussions, the results of the marketing research and proposals for market development strategies were discussed as well as the organizational and legal form of the markets' creation. The possibility of agricultural producers to participate in financing the construction of the markets was also discussed. The most noteworthy results to come out of these discussions are that the market in Dobre village will be formed as a communal enterprise and the market in Zuya village will be formed as an agricultural cooperative. The next stage of the project will develop project documentation in accordance with the adopted development strategies, which will begin in Q3.

In line with the Memorandum of Understanding between AgroInvest and the Kherson oblast state administration, AgroInvest continued activities in developing local facilities for regional agrarian market infrastructure. A subcontractor was selected on a competitive basis for the purpose of preparing the feasibility studies for the (i) renovation of a milk processing facility of the agriculture servicing cooperative "The Dairy Dnister", and (ii) developing a slaughterhouse and processing facility in Bilozirka raion, Kherson oblast.

As part of the technical support dedicated to developing the informational-and-marketing centers at the Kherson wholesale agriculture market, "Yantar", technical documentation was prepared and a tender was announced to select a subcontractor for preparing the feasibility study for the creation of the information-and-marketing agrarian center in Kherson oblast. The center is intended to improve SMPs' access to timely and objective information on existing pricing policies as well as supply and demand of agriculture produce so that SMPs are able to make timely and proper management decisions.

At the request of the MAPF, technical documentation was prepared to support the tender that was released to select a subcontractor for preparing the feasibility study for the development of the livestock wholesale market "Charodiy" in Cherkasy oblast. "Charodiy" is expected to be a model livestock wholesale market whose experience will be used to develop livestock markets in other regions of Ukraine.

Participation in Public Events Devoted to Development SMPs and POs

During the reporting period, AgroInvest continuously engaged in organizing and holding conferences, seminars, and trainings on various aspects of PO and SMP development and the organization of wholesale market operations.

On October 03, 2012 the Component 3 team participated in the round table "Agriculture servicing cooperatives: status, problems, prospects, and the role of international technical assistance in their further development," which was organized by the Canadian Embassy. The event summarized the available analytical findings, research, and legislation. Additionally, the most urgent measures in order to incorporate these findings in the future strategy for CIDA to support the development of the agricultural sector in, particularly through the promotion of agricultural service cooperatives, were discussed and analyzed.

On October 12, 2012 the Component 3 team took part in the round table "Discussing proposed amendments to the Law of Ukraine on Agriculture Cooperation"" which was held by the Union of Agriculture Servicing Cooperatives of Ukraine as part of the XV Agriculture Exhibition "Ukrainian Farmer – 2012".

On November 28-30, 2012 Component 3 team members, in conjunction with Project partners, participated in the Ninth International Conference "Ukraine Fruit and Vegetables 2012: A Test for Professionals". Participants obtained extensive information on fruit and vegetable markets, expected market trends and pricing policies and familiarized themselves with the latest technologies for growing, handling, processing, packing, storing, and distributing fruit and vegetables.

On November 29, 2012 Component 3 team members took part in the meeting of the task force "Ensuring property investment activities and development of external relations" of the Regional Committee on Economic Reforms "Vibrant Odesa Region 2013: Investments for Development Purposes". Presentations were presented about the following topics: preliminary results from the economic analysis and investment advantages and disadvantages of Odesa oblast; ways to further socio-economic development of the regions; and considered options to increase cooperation between Agroinvest and government authorities, small and medium agriculture producers, producer organizations, and market infrastructure facilities representatives.

On November 29, 2012 Component 3 team members took part in a meeting of the Agriculture Entrepreneur Committee under the umbrella of the Ukrainian Chamber of Trade and Commerce. The meeting participants considered ways to improve performance of agriculture servicing cooperatives in Ukraine, developed relevant proposals, and prepared a letter to government authorities on these matters. Mykola Hyrtsenko, Component 3 leader, presented the results of activities in enhancing the legislative framework and practical activities to support development of producer organizations and agrarian market infrastructure at the local level.

On December 12, 2012 Component 3 team members participated in the final conference of the EU-funded project "Implementation of Ukraine Commitments under WTO and ENP Frameworks in the Rural Sector (Sector-Wide Approach)". The conference was attended by senior managers from the Ministry of Agrarian Policy and Food of Ukraine and the EU Delegation to Ukraine. Presentations were made on major achievements of the EU Project in Ukraine and prospects for implementing programs and initiatives developed by the Project, specifically, EU standards in the sphere of rural development and small and medium-sized agriculture production. It was noted that some initiatives,

particularly those in the sphere of market infrastructure development, are being implemented by AgroInvest. Examples of these initiatives include the development of marketing groups, use and dissemination of guidelines pertaining to post-harvest processing of agricultural products, the introduction of models of public-private partnership in the development of wholesale market.

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

Through AgroInvest support with legislative analysis, recommendations, and lobbying, the Project assisted in passing the Law of Ukraine “On Amendments to the Tax Code of Ukraine (Regarding stimulation of the development of agricultural cooperation)” #10068, which was adopted by the Verkhovna Rada in the second reading on October 2, 2012, which was signed by the President. This law will take effect January 1, 2013 and repeals provisions from the Tax Code of Ukraine which adversely affect the rural population engaged in producing agricultural produce and discouraged them from participation in agricultural cooperatives. In addition, this new law creates a legal environment for the transparent and effective sale of agricultural products from the producer to end user.

On October 10, 2012, Component 3 team members took part in a workshop devoted to the implementation of the Ministry of Agrarian Policy and Food’s Initiative "Native Village". The workshop was moderated by the Ministry of Agrarian Policy and Food and special attention was paid to the development of agriculture servicing cooperatives whose members are pig producers. As a result of the meeting, a working group was established to develop the program focusing on the provision of equipment leasing for small farmers. As part of the activities focused on enhancing the regulatory frameworks of agriculture servicing cooperatives, individual homesteads, and market infrastructure, Component 3 continued building cooperation and dialogue with the MAPF and held a number of events to discuss and agree on the Draft Law "On amending the Law of Ukraine 'On Agriculture Cooperation'" #11221 with representatives from central government authorities, non-government and professional organizations. Specifically:

- On October 23, 2012 Component 3 team members took part in the meeting at the Ministry of Agrarian Policy and Food to discuss amendments and proposals on the draft law to be considered at its second reading by the Parliament;
- On October 24, 2012 Component 3 prepared proposals and recommendations for improving the Draft Law #11221 and sent them to the Ministry of Agrarian Policy and Food.
- On November 20, 2012 Law #11221 was passed by the Verkhovna Rada and forwarded to the President of Ukraine for his signature.
- On December 11, 2012 at the invitation of the Department of Academic-and-Educational Support of Agricultural production and Rural Development of the Ministry of Agrarian Policy and Food, the Component 3 team took part in a Ministry workshop devoted to implementation of the 2012 National Action Plan

by the Ministry. Inter alia, the participants discussed prospects for signing the Law "On amending the Law of Ukraine 'On Agriculture Cooperation'" # 11221 by the President of Ukraine. The meeting resulted in the leadership of the Ministry of Agrarian Policy and Food asking the President to speed up signing of this law.

Law #11221 governs the tax status of cooperatives and will significantly improve the legal, tax, financial and credit, and economic environment for agricultural cooperatives and their members by (i) establishing a not-for-profit status of agricultural cooperatives and (ii) eliminating the existing double taxation of agricultural service cooperatives and their members who sell the produce through the cooperative. The law will have a positive effect on pricing in the food market and create conditions for the transparent storage and marketing of agricultural produce. It is expected that this will result in an increase in the amount of agricultural produce thus contributing to food security of the country.

On December 14, 2012 the Component 3 team, together with the Agricultural Department of Kherson Oblast State Administration, held a round table in Kherson to discuss best practices in the sphere of land issues and agri-industrial associations. Participants of a study tour to the United States shared what they learned and how they would apply new knowledge and skills in their daily work. The study tour titled "Land Market and Strengthening of the role of agri-industrial associations" was organized by the USAID Community Connections Program under AgroInvest support. The study tour participants included representatives from government authorities, farmers, cooperative leaders, and academicians from Kherson oblast.

AgroInvest Cooperation with Technical Assistance Projects funded by USAID and other International Donors

AgroInvest continues to cooperate with other donor projects operating in Ukraine in the formulation of government policies, development of cooperative organizations of agriculture producers, and market infrastructure development.

Coordinating efforts to enhance policies supporting the development of agriculture production and cooperation in Ukraine remains a promising area of cooperation with the following notable projects and activities during this reporting period:

- Policy Reform and Implementation Support Mechanism (PRISM) Project which is funded by the Canadian International Development Agency- This quarter two seminars were organized in cooperation with the Ministry of Agrarian Policy and Food of Ukraine and the PRISM Project on agriculture servicing cooperatives



Participants of Public Discussion on topical issues of land relations and land reform in Ukraine, December 20, 2012, Dnipropetrovsk

development for representatives of central and regional government authorities and producer organizations from Kyiv, Zhitomir, Cherkasy, Vinnitsa, Sumy oblasts in Kyiv on November 30, 2012 and those from Odesa, Kherson oblasts and the Crimea in Simferopol on December 20, 2012. In the next quarter AgroInvest and PRISM will conduct two regional workshops in Lviv and Dnipropetrovsk;

- Canadian International Development Agency's (CIDA) Ukraine Horticulture Development Project – Under this Project CIDA and AgroInvest are supporting producer organizations in the Crimea and Zaporozhye region through cost sharing grant financing and capacity building;
- USAID UNITER Project- AgroInvest participating in two rounds of the Public Discussion of Land Reform workshop which took place in Khmelnytsky on October 4 and in Dnipropetrovsk on December 20. These workshops were organized by UNITER partner: The Institute for Economic Research and Policy Consultations;
- USAID-funded Public-Private Partnership Development Program - cooperation to form the PPP wholesale market Shelen;
- EU-funded Avoidance of GHG Emissions by Restoration and Sustainable Management of Peat Lands in Ukraine Project- a joint training of cooperation and good practices of sale of products through cooperatives was held this quarter;
- Danish-funded project "Improvement of two Value Chains in Lviv Oblast of Ukraine" and AgroInvest are supporting producer organizations in the Lviv and Rivne regions through cost sharing producer organization grant financing and capacity building;
- UNDP Legal Empowerment Project- As this UNDP Project phases out, AgroInvest will be continuing portions of their activities under the auspices of the Ministry of Justice's legal information program(s). AgroInvest will be working with the Ministry of Justice in the upcoming quarter to clarify how the two entities will work together moving forward;
- USAID AJLEP Project- AgroInvest and AJLEP continue to work together on numerous activities. This quarter AgroInvest participated in AJLEP's Law Week Exhibition on December 13, 2012.

Project Communications

Events and Presentations

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

The Project was presented at round tables, seminars, and conferences organized by AgroInvest and partner organizations. More than 50 events were organized by the Project

and its partners between October and December 2012, where information about the USAID AgroInvest Project, its goals, and progress to-date were highlighted.

Project Web-site

AgroInvest continued to develop and maintain its bilingual web-site: www.agroinvest.org.ua to share the latest Project news, reference material, and grant opportunities. As the AgroInvest team develops various useful materials, these are added to the web-site on a regular basis.

The table below shows statistics of the usage of USAID AgroInvest's web-site in 2012.

Month	Unique visitors	Number of visits	Pages	Hits	Volume/ downloads, GB
Jan	1,130	1,816	12,035	65,952	0.70
Feb	1,541	2,419	15,274	88,188	0.92
Mar	1,287	1,947	11,734	68,194	0.62
Apr	1,354	2,028	11,036	74,336	0.50
May	1,807	2,549	14,147	88,862	0.93
Jun	1,259	1,843	9,533	59,368	0.47
Jul	1,912	2,721	14,670	93,405	0.70
Aug	2,092	3,073	14,957	95,013	1.58
Sep	2,242	3,419	15,757	98,908	1.61
Oct	2,683	3,899	16,830	108,660	1.41
Nov	2,759	4,004	29,296	122,320	1.36
Dec	2,807	4,082	27,393	123,663	1.44
Total	22,873	33,800	192,662	1,086,869	12.24

Notably, over the year of 2012, the Project's web site was visited by almost 23,000 unique visitors who made over 1 million hits and downloaded 12 gigabytes of information. On average, each visitor viewed eight pages in each visit demonstrating strong interest in the information available on the web-site.

Also during the reporting period, AgroInvest continued to develop its [Facebook Page](#) which contains information about the Project, approximately 350 links to publications about the Project, and numerous pictures from events organized by the Project. Over the reporting period, 158 new posts were added to the page. In the reporting period, the number of posts on USAID AgroInvest's Facebook Page was 6,344 bringing and total number to 20,031 (since the beginning of the project).

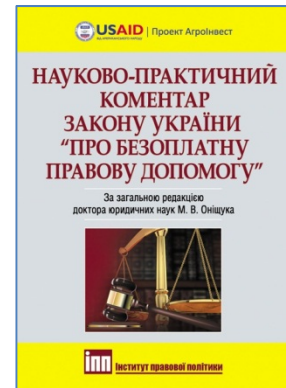
Furthermore, the Project received strong media coverage during the reporting period. The list of publications in press highlighting USAID AgroInvest is included in Annex 3.

Publications

During the reporting period, AgroInvest continued to issue its electronic [USAID AgroInvest Newsletter](#) (in Ukrainian). The target audience of this publication is wide,

ranging from institutional partners, the media, central government, and 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, regarding the planned events, which is evidence that the publication meets its purpose.

In order to help providers of free-of-charge legal assistance and those in need of this assistance better understand the legal provisions regarding such legal assistance, the project published a handbook with comments to the Law of Ukraine *On Free-of-Charge Legal Assistance*. The handbook was developed under the aegis of the Public Council of the Ministry of Justice with the participation of one of USAID AgroInvest's grantees – the Institute of Transitional Societies. The handbook is very popular among providers of primary legal assistance and their clients. It is disseminated through events, including joint events with USAID AJLEP and USAID UNITER projects. Furthermore, this manual is disseminated through students' law clinics, libraries, and public offices of the Ministry of Justice of Ukraine and State Registration Service of Ukraine.



Gender Integration

During the quarter, AgroInvest developed and released a Request for Applications to solicit project ideas for the design and delivery of gender empowerment trainings focused on rural agricultural issues and topics. The goal of these trainings is to develop the capacity of Ukrainian agriculturally focused organizations and public bodies so as to allow for the advancement of equality between females and males and empowering organizations to engage women and girls to participate fully in, and benefit from, the development of their societies. It is anticipated that these trainings will be useful for the targeted organizations (including government bodies) as they will provide the organizations with a unique experience and increase its internal capacity in terms of promoting gender equality in rural Ukraine.

In observance of the International Day of Rural Women on October 15, AgroInvest in cooperation with the Council of Women Farmers of Ukraine organized an event in Zaporizhzhya. The main purpose of the event was to promote rural women as effective entrepreneurs and demonstrate their capacity and potential in food production. The fair was conducted with support of Zaporizhzhya local administration and Oleksandr Peklushenko (Head of Oblast Administration) stated the importance of the inclusion of women in economic activities in rural areas and stated the local government's dedication in working more closely with and supporting women led businesses.

In addition, this quarter AgroInvest began the process of integrating the new GNDR-3 indicator (Proportion of females who report increased self-efficacy at the conclusion of USG supported training/programming) into its monitoring and evaluation system. This indicator has been selected as it fully reflects the gender activities of the Project. The

methodology for measuring this indicator uses surveys with a scale that captures the changes in females' self-efficacy.

Section II: Deliverables

The following contract defined deliverables and reports were completed and submitted during this reporting period:

Deliverable	Date Submitted
July 1 – September 30, 2012 Quarterly Report	October 31, 2012

SECTION III: CHALLENGES AND PLANS TO OVERCOME THEM

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

1. Fragmentation of legislative proposals dealing with land issues. In many cases recent proposals for new or amended legislation in relation to agricultural land attempted to identify and address narrow issues, quite often referring to different laws and regulations. In addition, there were cases that such proposals were competing and proposing alternative solutions to address the same issues.

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

2. Potentially insufficient engagement and interest towards LGAF recommendations on the part of the government. AgroInvest plans to address this risk through close collaboration with the World Bank and ensuring wide dissemination of the final LGAF materials, in addition to intensive communication with key government agencies and other main partners. This will help to ensure sufficient understanding of the LGAF and its potential impact on improving land governance in Ukraine.

Implementation concerns for Component 2 are as follows:

1. An additional area for concern continues to be Ukraine's fragile recovery from economic crisis, entering new crisis and potential devaluation of the Ukrainian Hryvnia. Though devaluation of the Hryvnia is not still noticeable, the next devaluation outburst is forecasted for March – April 2013, as stated experts. The experts also state that the economic environment in Ukraine still has not yet recovered from the crisis of 2008, and, perhaps most worrisome is that it is in its worst state of the last 9 years. To overcome at least some of the negative impacts

of this state of affairs Project specialists are focusing on increased risk management methodologies and practices in the training it provides to partner financial institutions and SMPs as well as more intensive involvement of agro-insurance mechanisms in lending products when applicable.

2. The forecasted shrinkage in banks activities due to the worsening financial stability in Ukraine which is partially driven by diversity of the international financial markets. It is possible that partner banks may reconsider their strategic intention to expand agrilending to SMPs. The Project plans to overcome this risk with constant monitoring of other banks activities and possibly replacing any present partner banks that may drop out of the Project.
3. As the lifting of the moratorium on agricultural land sales is not likely to happen in the foreseeable future, the Project continues to develop the Owner Financing Mechanism so as to be ready once the moratorium is lifted.
4. New legislation developments projected for consideration by Ukrainian parliament in the near future that would force mandatory formation of cooperative banks out of credit unions. The majority of Ukrainian credit will not comply with mandatory capital and other requirements for such bank formations, and may terminate their activities significantly, if not completely. To overcome this risk, Project specialists are working to share the best international practices on cooperative bank development, and will contribute to the legislative adjustments and recommendations for new legislative innovations.

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

1. Lack of the national strategy/concept and harmonized legislation to ensure comprehensive development of agrarian market infrastructure facilities at various levels, such as local marketing organizations (producers' organizations); local (farmers') agriculture markets and logistic centers; regional wholesale agriculture markets and both vertical and horizontal integration of their operations.
2. Complicated system for taxing incomes of individual cooperative (PO) members (individual homesteads / rural households) who are subject to the tax amounting to 37% of the value of sold produces. This hinders a potential increase in joint sale of agriculture produce through cooperatives (POs), thus slowing down the process of moving marketing of rural households' produce from the grey to official sector of the economy.
3. Adoption of Law of Ukraine # 10068 "On amending the Tax Code of Ukraine (with regard to stimulation of agriculture cooperation development)" solved this problem partially. At the same time, agriculture producers still face the problem of the value-added tax on agriculture produce which is produced and marketed by individuals (individual homesteads / rural households). Today, this is the main

4. Listed below are hindrances to development of market infrastructure facilities (regional wholesale and local agriculture markets and logistic centers):
- Complex and burdensome process of making decisions on allocation of land plot for the purpose of development of such facilities including complex tender procedures;
 - Complex and time consuming (up to one year and more) process of preparing land allocation documentations;
 - Complex and time consuming land re-zoning process (wholesale agriculture markets which have already obtained the relevant status are the only exception).

SECTION IV: PLANNED ACTIVITIES FOR NEXT QUARTER

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

Component 1, Support a Stable, Market-Oriented Policy Environment

- Continue analyzing legislation on land issues and share comments with key project stakeholders.
- Continue discussion and finalize the Owners Association concept. Based on the Concept, initiate legal analysis of the Concept.
- Submit the final LGAF report to the GOU and organize public discussion of its main findings with the GOU and key project partners.
- Award grants to at least 4 industry associations for capacity building and advocacy activities; initiate pre-award determination of selected grantees.
- Update the "Practical Guidelines on the formation of land units and registration of land titles" to reflect changes in legislation which became effective as of January 1, 2013.
- Prepare a legal manual of a land lessor in rural areas.
- Complete the baseline awareness building and land rights literacy survey and conduct a series of four roundtables.
- Continue and scale up the Legal Land Rights Services Program in eight oblasts of Ukraine.
- Continue the Land Rights Awareness & Education Campaign, including the Ag&Land Press Club and press-tour to Volodarsk-Volynsky, Zhytomyr oblast.
- Organize a joint TV campaign with the USAID Bibliomist Project to help rural citizens access the Land Rights Web-Portal through rural libraries.

Component 2, Stimulate Access to Finance

- Conclude a subcontract on agrotechnologies training for credit analysts of partner financial institutions;
- Conclude a subcontract on improving the legislation concerning credit unions to expand access to finance for SMPs;
- Support trainers trained within the training of trainers program in conducting training on agrilending and evaluate the results of the training of trainers program;
- Develop new loan products for SMPs; support credit unions in their implementation;
- Conduct two trainings on the implementation of internal credit unions (AUCUA / DPP);
- Conduct analysis of the credit portfolio of CUs which are specializing on the agricultural lending to develop the recommendations for effective credit portfolio management of them (AUCUA / DPP);
- Continue working on the program of capacity building (agrotechnological development) of the partner financial institutions' borrowers and staff in the Southern region through:
 - organizing and delivering at least 3 trainings for the members of partner credit unions;
 - support participation of the farmers-borrowers of partner credit unions at trainings at the School of Practical Horticulture;
 - developing and publishing information guides, manuals and leaflets for agrotechnological capacity building of SMPs;
- In cooperation with financial partners (ChBDR, Metabank and seven credit unions from the Southern regions) develop and promote mid-term credit (investment) products for SMPs;
- Jointly with ACM and credit unions in the Southern region, develop and introduce a special partnership program for SMP lending;
- Finalize the development of the required legal templates for the OFM for cases in which a bank would be the intermediary;
- Finalize the legal review of the OFM for cases in which a credit union would be the intermediary.

Component 3, Task A: Producer Organizations Development

- Execute the third round of the Agroinvest PO grant solicitations including advising (as applicable) SMPs and POs who wish to submit application, conducting the evaluation committee meeting(s) to evaluate the received proposals; conducting all required due diligence and signing grant agreements with producer organizations;

- Work to support and ensure the approval of drafted charters of agriculture servicing cooperatives, cooperative associations and enterprises by the MAPF.

Component 3, Task B: Wholesale Market Development

- Support the marketing and mobilization of investment attraction for the wholesale agriculture market "Shelen" in Rivne oblast;
- Continue to oversee the preparation and the design of the feasibility studies for the development of the wholesale-and-retail agriculture market in Hola Prystan, Kherson oblast;
- Continue to oversee preparation of the feasibility study for the development of two wholesale-and-retail markets in the Crimea specifically the Dobre and Zuya markets;
- Conduct a tender to select a subcontractor which will prepare the feasibility study for creation of the informational-and-marketing agrarian center in Kherson oblast;
- Conduct a tender to select a subcontractor which will prepare the feasibility study for the development of the livestock wholesale market "Charodiy" in Cherkasy oblast;
- Conduct a tender to select a subcontractor which will prepare the feasibility study for the national project in developing a network of wholesale food markets;
- Select one additional site for developing a wholesale agriculture market which will receive technical assistance from AgroInvest;
- Select six new sites/facilities (markets, vegetable storage facilities etc.) featuring good potential for development/construction/renovation etc. Assess their capacities and formulate a plan of actions to prepared them for cooperation with AgroInvest;
- Conduct trainings for managers and operators of market infrastructure facilities;
- Take part in events to be organized by the Ministry of Agrarian Policy and Food, non-government organizations, and international technical assistance projects; develop and implement proposals on developing agrarian markets.

Project Communications

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

- Support a media competition on agrarian and land issues as part of the information campaign

Cross-cutting issues/Gender:

- Select a grantee and begin the gender training activities on new USAID Gender Equality and Female Empowerment Policy for agriculturally focused Ukrainian organizations and bodies
- Develop a scope of work and release a tender for the Assessment of Gender Equity and Equality in Rural Areas of Ukraine. This scope of work will be developed in coordination with USAID so that the findings may be applied to informing other current and future USAID Project's and well as other organizations' activities in Ukraine.

SECTION V: LEVEL OF EFFORT REPORT

LOE Matrix as of December 31, 2012

Labor Category	Total Work Days	Total Work Days Utilized To Date	Total Remaining Work Days
LT Technical Assistance (Key Personnel)	1,270	440	830
LT Technical Assistance (Expatriate)	111	81	30
LT Technical Assistance (CCN)	14,405	4,583	9,823
ST Technical Assistance (Expatriate)	755	203	552
ST Technical Assistance (CCN)	420	344	76
HO Support	199	186	13
Total	17,160	5,837	11,324

Пропозиції
щодо вдосконалення правового статусу Держземагентства
земельних ресурсів України та його територіальних органів у сфері
розпорядження землями сільськогосподарського призначення
державної власності

Як відомо, з 1 січня 2013 р. правовий статус Держземагентства України зазнає істотних змін. Вони полягають у тому, що Законом України від 6 вересня 2012 р. «Про внесення змін до деяких законодавчих актів України щодо розмежування земель державної та комунальної власності» ряд повноважень щодо розпорядження землями державної власності відібрані у районних і обласних державних адміністрації та передані Державному земельному агентству України і його територіальним органам – обласним, міським, районним управлінням та відділам. Зокрема, цим Законом стаття 122 Земельного кодексу України (Повноваження органів виконавчої влади та органів місцевого самоврядування щодо передачі земельних ділянок у власність або у користування) викладена в новій редакції. Згідно з частиною 4 цієї статті, центральний орган виконавчої влади з питань земельних ресурсів у галузі земельних відносин та його територіальні органи передають земельні ділянки сільськогосподарського призначення державної власності, крім випадків, визначених частиною восьмою цієї статті, у власність або у користування для всіх потреб. А частина восьма ст. 122 Земельного кодексу України (у новій редакції) передбачає, що право передачі земель сільськогосподарського призначення державної власності до статутного капіталу державного земельного банку, який стовідсотково належить державі та не підлягає приватизації, має виключно Кабінет Міністрів України.

До того ж слід відмітити, що згідно з пунктом 7 Розділу II «Прикінцеві та перехідні положення» Закону «Про внесення змін до деяких законодавчих актів України щодо розмежування земель державної та комунальної власності», з 1 січня 2013 р. землі державної та комунальної власності в Україні вважаються розмежованими. А це означає, що Держземагентство України та його територіальні органи матимуть право надавати у власність та користування не тільки земельні ділянки сільськогосподарського призначення державної власності, які розташовані за межами населених пунктів, а також і земельні ділянки в межах сіл, селищ та міст.

В зв'язку з цим виникає питання, як вищезазначені нововведення щодо розширення повноважень Держземагентства України вплинуть на стан проблеми конфлікту інтересів у сфері державного управління

земельними ресурсами. На наш погляд, з 1 січня 2013 р. дана проблема загостриться. Справа в тому, що до прийняття Закону «Про внесення змін до деяких законодавчих актів України щодо розмежування земель державної та комунальної власності» Держземагентство України та його територіальні органи виконували певні контрольні функції щодо рішень про надання земель державної власності у власність та користування громадян і юридичних осіб, які приймалися органами виконавчої влади загальної компетенції – районними та обласними державними адміністраціями. Адже, при прийнятті таких рішень державні органи земельних ресурсів перевіряли відповідність рішень обласних і районних адміністрацій з питань надання земельних ділянок державної власності у приватну власність та користування через механізми погодження проектів землеустрою та здійснення державної експертизи землевпорядної документації. Саме за допомогою цих механізмів Держземагентство України та його територіальні органи, які, до речі, не підпорядковані місцевим державним адміністраціям, могли виявляти порушення норм земельного законодавства України ще на стадіях розробки проектів землеустрою щодо відведення земельних ділянок. Тим самим Держземагентство України мало змогу забезпечувати реалізацію принципів законності та обґрунтованості при прийнятті обласними та районними державними адміністраціями рішень про передачу земель державної власності у приватну власність, оренду, постійне користування тощо.

Однак, з 1 січня 2013 р., коли Держземагентство України та його територіальні органи будуть самі приймати рішення про передачу земель сільськогосподарського призначення, які перебувають у державній власності, у приватну власність та в користування і самі ж будуть погоджувати відповідні проекти землеустрою та проводити щодо них державну експертизу землевпорядної документації, то в такому разі буде порушений «баланс протиріччя» відомчих інтересів. Тобто, весь ланцюг оцінки рішень щодо відведення земельних ділянок сільськогосподарського призначення державної власності буде замкнений на Держземагентстві України. В такому разі останнє буде фактично безконтрольно розпоряджатися сільськогосподарським земельним фондом, який перебуває у власності держави, що навряд чи сприятиме зниженню рівня корупції у системі державних органів земельних ресурсів.

Крім того, вищезазначене нововведення породжує ще одну юридичну проблему. Вона полягає у розмежуванні повноважень Держземагентства України та Державного земельного банку, до статутного фонду (капіталу) якого Кабінет Міністрів України має намір передавати землі державної власності, в тому числі й землі

сільськогосподарського призначення. При цьому в основу задуму щодо передачі державних земель до статутного фонду Державного земельного банку було покладено намагання «закріпити» ці землі за банком як за їх власником з тим, щоб лише банк міг ними розпоряджатися – продавати, передавати в оренду тощо. Однак, передача земель державної власності до статутного фонду Державного земельного банку не вирішує даної проблеми. По-перше, передача земель державної власності до статутного фонду Державного земельного банку не тягне за собою зміну власника земель: як до, так і після такої передачі зазначені землі продовжують перебувати у власності держави. По-друге, після передачі до статутного фонду Державного земельного банку земель сільськогосподарського призначення, які перебувають у власності держави, такі землі не втратять свою підвідомчість Держземагентства України. Тому це Агентство та його територіальні органи матимуть право розпоряджатися цими землями шляхом надання їх у власність та користування. Очевидно, «подвійна» підвідомчість сільськогосподарських земель державної власності спричинить щонайменше конкуренцію між Держземагентством України та Державним земельним банком у сфері розпорядження такими землями.

Нарешті, нова редакція ст. 122 Земельного кодексу України містить ще один юридичний недолік. Так, згідно з частиною 4 цієї статті, центральний орган виконавчої влади з питань земельних ресурсів у галузі земельних відносин та його територіальні органи передають земельні ділянки сільськогосподарського призначення державної власності у власність або у користування, не розмежовуючи у яких випадках такі землі передаються у власність та користування за рішенням самого Держземагентства України, а в яких - за рішеннями обласних, районних та міських його управлінь (відділів). Очевидно, розробники нової редакції ст. 122 Земельного кодексу України розраховували на те, що повноваження державних органів земельних ресурсів на національному, обласному, районному (міському) рівнях будуть розмежовані підзаконним нормативно-правовим актом - Указом Президента України, який згідно з Конституцією України має право утворювати центральні органи виконавчої влади та визначати їх повноваження. Однак, таке розмежування уявляється неможливим з правової точки зору. Справа в тому, що статтею 14 Конституції України встановлено, що право власності на землю набувається і реалізується громадянами, юридичними особами та державою виключно відповідно до закону. Це означає, що саме законом має бути визначена компетенція органів влади, які здійснюють реалізацію права власності на землю. Тому вважаємо, що для забезпечення реалізації компетенції Держземагентства України та його територіальних органів, визначеної у ст. 122 Земельного кодексу України (в редакції Закону України від 6 вересня 2012 р. «Про внесення змін до деяких законодавчих

актів України щодо розмежування земель державної та комунальної власності»), необхідно викласти частину 4 ст. 122 Земельного кодексу України (в редакції Закону України від 6 вересня 2012 р. «Про внесення змін до деяких законодавчих актів України щодо розмежування земель державної та комунальної власності») у **такій редакції**:

«4. Центральний орган виконавчої влади з питань земельних ресурсів у галузі земельних відносин та його територіальні органи передають земельні ділянки сільськогосподарського призначення державної власності, крім випадків, визначених частиною восьмою цієї статті, у власність або у користування для всіх потреб відповідно до їх компетенції, визначеної у статті 122¹ цього Кодексу».

Крім того, пропонуємо доповнити Земельний кодекс України статтею 122¹ **такого змісту**:

«Стаття 122¹. Повноваження органів виконавчої влади з питань земельних ресурсів щодо передачі земельних ділянок сільськогосподарського призначення у власність або у користування

1. Повноваження центрального органу виконавчої влади з питань земельних ресурсів у галузі земельних відносин та його територіальних органів щодо передачі земельні ділянки сільськогосподарського призначення державної власності у власність або у користування поширюються на всі землі сільськогосподарського призначення державної власності, крім земельних ділянок, переданих у постійне чи тимчасове користування, та земельних ділянок, переданих до статутного фонду Державного земельного банку.

2. Територіальні органи виконавчої влади з питань земельних ресурсів у районах, містах республіканського (Автономної Республіки Крим) та обласного значення надають земельні ділянки сільськогосподарського призначення державної власності:

а) громадянам у власність для ведення особистого селянського господарства, садівництва, городництва, сінокошіння та випасання худоби та ведення товарного сільськогосподарського виробництва, включаючи фермерське господарство;

б) державним сільськогосподарським підприємствам, установам та організаціям у постійне та тимчасове користування для ведення товарного сільськогосподарського виробництва;

в) приватним сільськогосподарським підприємствам, установам та організаціям, які здійснюють свою діяльність у межах району, у власність та тимчасове користування для ведення товарного сільськогосподарського виробництва;

г) несільськогосподарським підприємствам, установам та організаціям, релігійним організаціям і об'єднанням громадян у постійне та тимчасове користування для ведення підсобного сільського господарства;

г) сільським професійно-технічним училищам та загальноосвітнім школам у постійне користування для дослідних і навчальних цілей, пропаганди передового досвіду ведення сільського господарства.

3. Територіальні органи виконавчої влади з питань земельних ресурсів в Автономній Республіці Крим та областях надають земельні ділянки сільськогосподарського призначення державної власності:

а) приватним сільськогосподарським підприємствам, установам та організаціям, які здійснюють свою діяльність у межах двох чи більше районів області, у власність та тимчасове користування для ведення товарного сільськогосподарського виробництва;

б) сільськогосподарським науково-дослідним установам та навчальним закладам у постійне користування для дослідних і навчальних цілей, пропаганди передового досвіду ведення сільського господарства;

в) оптовим ринкам сільськогосподарської продукції у постійне та тимчасове користування для розміщення власної інфраструктури;

г) державним підприємствам, установам та організаціям у постійне та тимчасове користування для створення об'єктів природно-заповідного фонду місцевого значення;

г) лісгосподарським підприємствам, установам та організаціям у власність та тимчасове користування для заліснення малопродуктивних та деградованих сільськогосподарських угідь.

4. Територіальні органи виконавчої влади з питань земельних ресурсів у м. Києві та Севастополі надають земельні ділянки сільськогосподарського призначення державної власності:

а) громадянам у власність для ведення особистого селянського господарства, садівництва, городництва, сінокосіння та випасання худоби

та ведення товарного сільськогосподарського виробництва, включаючи фермерське господарство;

б) державним сільськогосподарським підприємствам, установам та організаціям у постійне та тимчасове користування для ведення товарного сільськогосподарського виробництва;

в) приватним сільськогосподарським підприємствам, установам та організаціям, які здійснюють свою діяльність у межах району, у власність та тимчасове користування для ведення товарного сільськогосподарського виробництва;

г) несільськогосподарським підприємствам, установам та організаціям, релігійним організаціям і об'єднанням громадян у постійне та тимчасове користування для ведення підсобного сільського господарства;

г) сільським професійно-технічним училищам та загальноосвітнім школам у постійне користування для дослідних і навчальних цілей, пропаганди передового досвіду ведення сільського господарства.

д) сільськогосподарським науково-дослідним установам та навчальним закладам у постійне користування для дослідних і навчальних цілей, пропаганди передового досвіду ведення сільського господарства;

е) оптовим ринкам сільськогосподарської продукції у постійне та тимчасове користування для розміщення власної інфраструктури;

є) державним підприємствам, установам та організаціям у постійне та тимчасове користування для створення об'єктів природно-заповідного фонду місцевого значення;

ж) лісогосподарським підприємствам, установам та організаціям у власність та тимчасове користування для заліснення малопродуктивних та деградованих сільськогосподарських угідь.

5. Центральний орган виконавчої влади з питань земельних ресурсів надає земельні ділянки сільськогосподарського призначення державної власності:

а) державним підприємствам, установам та організаціям у постійне та тимчасове користування для створення об'єктів природно-заповідного фонду національного значення;

б) приватним сільськогосподарським ведення товарного сільськогосподарського виробництва;

в) іноземним сільськогосподарським підприємствам, установам та організаціям у тимчасове користування для ведення товарного сільськогосподарського виробництва.

6. Рішення територіальних органів виконавчої влади з питань земельних ресурсів щодо надання земель сільськогосподарського призначення державної власності у власність та користування, прийняті ними відповідно до наданих їм повноважень, можуть бути відмінені вищестоящим органом виконавчої влади з питань земельних ресурсів лише у випадках їх невідповідності вимогам законів та прийнятих відповідно до них нормативно-правових актів.»

У випадку прийняття даної пропозиції фахівці Проекту АгроІнвест готові надати відповідний законопроект та всі супровідні матеріали (обґрунтування та порівняльну таблицю).



ЗЕМЕЛЬНА СПІЛКА УКРАЇНИ

Асоціація «Земельна спілка України»

Вих. № 1-28/12/12 від 28 грудня 2012 року

**Державне агентство
земельних ресурсів України**

МСП 03680, м Київ, вул. Народного ополчення, 3

Копія:

**Міністерство аграрної політики
та продовольства України**

01001, м. Київ, вул. Хрещатик, 24

Міністерство юстиції України

01001 м. Київ, вул. Городецького, 13

**Державна служба України з
питань регуляторної політики та
розвитку підприємництва**

01011, Київ, вул. Арсенальна, 9/11

Асоціацією «Земельна спілка України» розглянуто проект постанови Кабінету Міністрів України «Про внесення змін до постанови Кабінету Міністрів України від 1 серпня 2011 р. № 835», що був представлений на офіційному веб-сайті Держземагентства України 6 грудня 2012 року¹. У зв'язку з цим, відповідно до статті 6 Закону України від 11.09.2003 № 1160-IV «Про засади державної регуляторної політики у сфері господарської діяльності», направляємо зауваження та пропозиції щодо згаданого проекту акту Кабінету Міністрів України.

Звертаємо увагу на те, що проект постанови Кабінету Міністрів України «Про внесення змін до постанови Кабінету Міністрів України від 1 серпня 2011 р. № 835» підготовлено його розробниками без додержання вимог Закону України від 06.09.2012 № 5203-VI «Про адміністративні послуги». Зокрема, згідно статті 5 зазначеного Закону України, **виключно законами, які регулюють суспільні відносини щодо надання адміністративних послуг, встановлюються, серед іншого, підстави для**

¹ http://www.dazru.gov.ua/terra/control/uk/publish/article?art_id=143986&cat_id=38306

одержання адміністративної послуги та платність або безоплатність надання адміністративної послуги. Крім того, згідно статті 20 цього ж Закону України, до набрання чинності законом, що визначає перелік адміністративних послуг та розміри плати за їх надання (адміністративні збори), плата за надання адміністративних послуг (адміністративний збір) при зверненні за отриманням платних адміністративних послуг сплачується у порядку і розмірах, встановлених законодавством.

Зважаючи на вищезазначене, **неправомірним та неприпустимим слід вважати включення до переліку адміністративних послуг, що надаються Державним агентством земельних ресурсів та його територіальними органами, послуг, що прямо не передбачені актами законодавства і, більш того, запровадження платності їх одержання.**

Як показує аналіз проекту постанови Кабінету Міністрів України «Про внесення змін до постанови Кабінету Міністрів України від 1 серпня 2011 р. № 835», його розробниками не дотримано основних вимог до регулювання надання адміністративних послуг, що встановлені законодавством, при чому як у частині «винайдення» адміністративних послуг, що не передбачені актами законодавства України, так і неврахування положень актів земельного законодавства України щодо послуг, які мають надаватися центральним органом виконавчої влади, що реалізує державну політику у сфері земельних відносин, учасникам земельних відносин.

Звертаємо увагу на те, деякі з послуг, які пропонується включити до Переліку платних адміністративних послуг, що надаються Державним агентством земельних ресурсів та його територіальними органами, не передбачені законодавством України, а саме:

- видача відомостей про межі земельної ділянки (виписка даних на межовий знак);
- видача довідки про кількісні характеристики земельної ділянки, розподілення земель між власниками і користувачами (за даними форми 6-зем);
- видача довідки про 1 кв. метр земельної ділянки та 1 гектар сільськогосподарських угідь, на які не оформлене право власності або користування;
- реєстрація апаратури супутникових навігаційних систем (СРНС);
- видача витягу з документації із землеустрою про вартість сільськогосподарських угідь;
- надання довідки про наявність та розмір земельної частки (паю), довідки про наявність у Державному земельному кадастрі відомостей про одержання у власність земельної ділянки у межах норм безоплатної приватизації за певним видом її цільового призначення (використання).

Зазначені послуги **необхідно виключити із переліків адміністративних послуг**, що надаються Державним агентством земельних ресурсів та його територіальними органами.

Стаття 33 Закону України від 22.05.2003 № 858-IV «Про землеустрій», що встановлює порядок користування документацією із землеустрою, не

передбачає платності відповідних послуг, а тому така послуга як «видача відомостей з документації із землеустрою, що включена до Державного фонду документації із землеустрою» має бути включена до Переліку адміністративних послуг, що надаються Державним агентством земельних ресурсів та його територіальними органами на безоплатній основі.

Земельним кодексом України від 25.10.2001 № 2768-III та Законом України від 11.12.2003 № 1378-IV «Про оцінку земель» не передбачена платність такої адміністративної послуги як «видача витягу з технічної документації про нормативну грошову оцінку земельної ділянки», а тому вказана послуга має бути включена до Переліку адміністративних послуг, що надаються Державним агентством земельних ресурсів та його територіальними органами на безоплатній основі.

Авторами проекту постанови Кабінету Міністрів України «Про внесення змін до постанови Кабінету Міністрів України від 1 серпня 2011 р. № 835» також **у досить довільній формі визначено як перелік, так і платність адміністративних послуг**, необхідність надання яких впливає із **Закону України від 07.07.2011 № 3613-VI «Про Державний земельний кадастр»**. Варто відзначити, що платною має бути не будь-яка адміністративна послуга, що надається у порядку ведення Державного земельного кадастру, а лише ті з них, для одержання яких закон прямо передбачає необхідність подання документу про оплату послуг або платність яких прямо визначена законом.

Розробниками проекту постанови також не врахована необхідність врегулювання питання щодо надання адміністративних послуг з користування відомостями Державного земельного кадастру у формі надання доступу до нього в режимі читання.

Детальний аналіз норм Закону України від 07.07.2011 № 3613-VI «Про Державний земельний кадастр» дозволяє визначити **вичерпний перелік платних адміністративних послуг**, що надаються Державним агентством земельних ресурсів та його територіальними органами, **у сфері Державного земельного кадастру**, а саме:

- 1) державна реєстрація земельної ділянки (пункт 4 статті 24);
- 2) внесення змін до відомостей Поземельної книги щодо цільового призначення земельної ділянки, складу угідь, нормативної грошової оцінки, а також до відомостей про межі земельної ділянки (у разі їх встановлення (відновлення) за фактичним використанням земельної ділянки) (пункт 4 статті 26);
- 3) державна реєстрація обмеження у використанні земель (крім тих, що безпосередньо встановлені законами та прийнятими відповідно до них нормативно-правовими актами) (пункт 3 статті 28);
- 4) внесення до Державного земельного кадастру відомостей про межі частини земельної ділянки, на яку поширюються права суборенди, сервітуту (пункт 2 статті 29);
- 5) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про нормативну грошову оцінку земель та

земельних ділянок, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 4 статті 36);

6) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про земельні угіддя, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 4 статті 36);

7) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про частини земельної ділянки, на які поширюється дія сервітуту, договору суборенди земельної ділянки, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 4 статті 36);

8) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про координати поворотних точок меж об'єктів кадастру², оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 4 статті 36);

9) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про бонітування ґрунтів, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 4 статті 36);

10) виправлення технічної помилки у відомостях Державного земельного кадастру, яка була допущена не з вини органу, що здійснює його ведення (пункт 1 статті 37);

11) надання витягу з Державного земельного кадастру про об'єкт Державного земельного кадастру (пункт 3 статті 38, пункт 7 статті 38);

12) надання довідки, що містить узагальнену інформацію про землі (території) за формою, встановленою Порядком ведення Державного земельного кадастру (пункт 3 статті 38, пункт 7 статті 38);

13) надання викопіювання з кадастрової карти (плану) та іншої картографічної документації Державного земельного кадастру (пункт 3 статті 38, пункт 7 статті 38);

14) надання у режимі читання витягу з Державного земельного кадастру про об'єкт Державного земельного кадастру (пункт 3 статті 38, пункт 7 статті 38);

15) надання у режимі читання довідки, що містить узагальнену інформацію про землі (території) за формою, встановленою Порядком ведення Державного земельного кадастру (пункт 3 статті 38, пункт 7 статті 38);

16) надання у режимі читання викопіювання з кадастрової карти (плану) та іншої картографічної документації Державного земельного кадастру (пункт 3 статті 38, пункт 7 статті 38).

Закон України від 07.07.2011 № 3613-VI «Про Державний земельний кадастр» не передбачає платності адміністративних послуг з внесення до Державного земельного кадастру відомостей (змін до них) про:

- межі державного кордону України;

² Об'єктами Державного земельного кадастру є: землі в межах державного кордону України; землі в межах території адміністративно-територіальних одиниць; обмеження у використанні земель; земельна ділянка.

- межі адміністративно-територіальних одиниць;
- нормативну грошову оцінку земель, розташованих у межах територій адміністративно-територіальних одиниць;
- економічну оцінку земель;
- обмеження у використанні земель, встановлені законами та прийнятими відповідно до них нормативно-правовими актами.

Таким чином, відповідні послуги мають бути включені до Переліку адміністративних послуг, що надаються Державним агентством земельних ресурсів та його територіальними органами на безоплатній основі.

До Переліку адміністративних послуг, що надаються Державним агентством земельних ресурсів на безоплатній основі, мають бути включені:

1) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про межі адміністративно-територіальних одиниць, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 3 статті 36);

2) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про кадастрові номери земельних ділянок, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 3 статті 36);

3) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про межі земельних ділянок, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 3 статті 36);

4) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про цільове призначення земельних ділянок, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 3 статті 36);

5) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про розподіл земель між власниками і користувачами (форма власності, вид речового права), оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 3 статті 36);

6) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про обмеження у використанні земель та земельних ділянок, оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 3 статті 36);

7) пошук, перегляд, копіювання та роздрукування відомостей Державного земельного кадастру про зведені дані кількісного та якісного обліку земель оприлюднених на офіційному веб-сайті центрального органу виконавчої влади з питань земельних ресурсів (пункт 3 статті 36).

Із пропонованого Переліку адміністративних послуг, що надаються територіальними органами Державного агентства земельних ресурсів на безоплатній основі, має бути виключена така послуга як «Прийняття рішення про видачу (анулювання, позбавлення, зупинення, поновлення) кваліфікаційного сертифіката сертифікованого інженера-землевпорядника», адже, згідно статті 66 Закону України від 22.05.2003 № 858-IV «Про

землеустрій», відповідне рішення приймається не Держземагентством України, а Кваліфікаційною комісією, а видача кваліфікаційного сертифіката (у паперовій чи електронній формі) інженерам-землевпорядникам, які склали кваліфікаційний іспит, видача свідоцтва про підвищення кваліфікації, видача їх дублікатів здійснюється навчальним закладом, на базі якого складається кваліфікаційний іспит або підвищується кваліфікація інженера-землевпорядника.

Принципово важливим є включення до Переліку адміністративних послуг, що надаються територіальними органами Державного агентства земельних ресурсів на безоплатній основі, послуги з користування матеріалами Державного картографо-геодезичного фонду України, що знаходяться у віданні знаходяться у віданні спеціально уповноваженого центрального органу виконавчої влади, що реалізує державну політику у сфері земельних відносин, відповідно до статей 19 та 20 Закону України від 23.12.1998 № 353-XIV «Про топографо-геодезичну і картографічну діяльність». Вважаємо за необхідне підкреслити, що Закон України від 23.12.1998 № 353-XIV «Про топографо-геодезичну і картографічну діяльність» не передбачає платності адміністративних послуг з користування топографо-геодезичними і картографічними матеріалами Державного картографо-геодезичного фонду України³.

Таким чином, проект постанови Кабінету Міністрів України «Про внесення змін до постанови Кабінету Міністрів України від 1 серпня 2011 р. № 835», що був представлений на офіційному веб-сайті Держземагентства України 6 грудня 2012 року, потребує істотного доопрацювання і приведення його у відповідність до вимог Земельного кодексу України від 25.10.2001 № 2768-III, законів України від 06.09.2012 № 5203-VI «Про адміністративні послуги», від 22.05.2003 № 858-IV «Про землеустрій», від 11.12.2003 № 1378-IV «Про оцінку земель», від 07.07.2011 № 3613-VI «Про Державний земельний кадастр», від 23.12.1998 № 353-XIV «Про топографо-геодезичну і картографічну діяльність».

Ми переконані, що приведення переліку адміністративних послуг, що надаються Державним агентством земельних ресурсів та його територіальними органами, у відповідність до вимог чинного законодавства стане важливою запорукою додержання принципів верховенства права, у тому числі законності та юридичної визначеності, стабільності, рівності перед законом, відкритості та прозорості, раціональної мінімізації кількості документів та процедурних дій, що вимагаються для отримання адміністративних послуг, неупередженості та справедливості, доступності та зручності для суб'єктів звернень.

Авторами проекту постанови Кабінету Міністрів України «Про внесення змін до постанови Кабінету Міністрів України від 1 серпня 2011 р. № 835» також не наведено обґрунтування вартості платних адміністративних

³ Картографо-геодезичний фонд України – це сукупність геодезичних, топографічних, картографічних, гідрографічних, аерозйомочних матеріалів і даних, у тому числі в цифровій формі, отриманих у результаті здійснення топографо-геодезичної і картографічної діяльності, що знаходяться і зберігаються на території України.

послуг відповідно до вимог постанови Кабінету Міністрів України від 27.01.2010 № 66 «Про затвердження Методики визначення собівартості платних адміністративних послуг». Фінансово-економічне обґрунтування до проекту постанови містить невірне судження про те, що «реалізація проекту постанови не потребує фінансування з державного чи місцевого бюджетів», адже надання адміністративних послуг, що надаються Державним агентством земельних ресурсів та його територіальними органами на безоплатній основі, потребуватиме відповідних видатків.

Істотні сумніви на предмет обґрунтованості та економічної виправданості викликають запропоновані авторами проекту постанови Кабінету Міністрів України «Про внесення змін до постанови Кабінету Міністрів України від 1 серпня 2011 р. № 835» розміри плати за надання послуг, особливо зважаючи на те, що значна частина послуг має надаватися із використанням автоматизованих систем та матиме мінімальну собівартість.

Варто також надати пояснення з приводу того, чи планує Держземагентство України та його територіальні органи використовувати для надання адміністративних послуг об'єкти права інтелектуальної власності, майнові права на які не належать безпосередньо Держземагентству України, а також, які саме товари, роботи і послуг будуть закупатися Держземагентством України для надання адміністративних послуг за відповідними переліками.

Зважаючи на вищевикладене, відзначаємо, що запропонований проекту постанови Кабінету Міністрів України «Про внесення змін до постанови Кабінету Міністрів України від 1 серпня 2011 р. № 835» не відповідає вимогам законодавства, потребує істотного доопрацювання і не може бути прийнятий у запропонованій редакції як такий, що призведе до порушення вимог чинного законодавства під час одержання учасниками земельних відносин адміністративних послуг, що мають надаватися Державним агентством земельних ресурсів та його територіальними органами.

Просимо поінформувати Асоціацію «Земельна спілка України» про результати розгляду цього листа за адресою: 03058, м. Київ, вул. Західна, 12.
т. (044) 453-16-58, 59, 60

*З повагою,
Президент Асоціації
«Земельна спілка України»*

А.Г. Кошиль

**List of publications in press highlighting USAID AgroInvest
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-  [Land owners are encouraged not to get into panic](#)
-  [Problems with registration of land rights will disappear along with Bureau of Technical Inventory- experts say](#)
-  [Legal advice for landowners will be provided in villages](#)
-  [Legal clinics on land issues will be established in every raion](#)
-  [Villagers in Dnepropetrovsk oblast will be taught how to protect their land rights in legal clinics](#)
-  [More than fifty residents of 20 towns and villages learned about land rights](#)
-  [Residents of 20 towns/villages of Kherson and Mykolaiv oblasts learned about land rights](#)
-  [Rural libraries received law literature](#)
-  [Radio "Era", December 27. Interview with the Head of the Land Rights Resource Centre, Andriy Koshyl](#)
-  [The State Land Agency discloses the secrets of the land](#)
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-  [How much Ukrainian peasants will pay for the registration of land rights?](#)
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-  [There will be fewer problems with registration of land](#)
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-  [Meeting of the National Agrarian & Land Press Club "How much Ukrainian peasants will pay for the registration of land rights?"](#)
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-  [Life without BTI: Not everybody will have to run to a notary after January 1](#)
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-  [In Dnepropetrovsk farmers will be taught to defend their right to land](#)
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-  [Problems of adaptation of the agrosphere to climate change have been discussed at the round table](#)
-  [Representatives of the Golden Fleece Tavia Project and leadership of the South office of USAID AgroInvest visited Hola Prystan raion](#)
-  [Rural tourism in Ukraine](#)
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-  [In Rivne, agrarian learned how to promote local brands](#)
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-  [The 2nd International AgroLogistics Forum is being conducted in Rivne](#)
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-  [Rivne oblast hosts an international agrologistics forum](#)
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-  [International agrilogistics forum in Rivne is being broadcast on-line](#)
-  [Roundtable: "Registration of land ownership"](#)
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-  [Round table "Local economic policy as a real wealth of the inhabitants of rural areas"](#)
-  [Why the government needs 1500 agricultural cooperatives](#)
-  [We invite you to participate in the national conference "Policy development and functioning of rural tourism in Ukraine"](#)
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-  [It is easier to do things together](#)
-  [Training seminar for coaches to create agricultural cooperatives](#)
-  [3rd Grain Congress of Ukraine, unique opportunity to obtain expertise](#)
-  [Seminar "Development of organic farming in Ukraine: experience and achievements"](#)
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-  [A training for rural women](#)
-  [On October 4, Project of the U.S. Agency for International Development \(USAID\) AgroInvest and the Institute for Economic Research and Policy Consulting conducted a public debate on topical issues of land relations and land reform in Ukraine](#)
-  [Khmelnytsky: debate and discussion of a survey as a barometer of land reform \(from the web-site of the State Land Union Agency\)](#)
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-  [Legal aid to vulnerable landowners to protect their rights](#)
-  [Cooperatives will launch a dairy plant soon](#)
-  [Yednist Credit Union took part in a training](#)
-  [Round Table \(article on the roundtable in Odesa from the web-site of the Ministry of Justice\)](#)
-  [Problems of the land market were discussed in Odesa; a project to protect the land rights was presented](#)



USAID | AgroInvest Project

SUCCESS STORY

Improved legislation strengthens agricultural cooperatives

New laws on cooperatives developed with the assistance of USAID AgroInvest will help small producers boost their business



Crimean farmers established the Khayal Cooperative to combine their efforts to produce strawberries.

Due to new legislation, Khayal and other agricultural cooperatives all over Ukraine will not be double taxed. This legislative environment will allow them to expand their business. With USAID AgroInvest's help they will sell their produce through modern marketing channels.

U.S. Agency for International Development
www.usaid.gov

photo: Vladislav Karpenko

Until recently, Ukrainian tax legislation was formulated in such a way that tax was assessed in the amount of 35-37% of the total receipts from the sales of agricultural products rather than from the income of the producer who cultivated and sold these products. This created unfavorable conditions for agricultural producers. As a result, farmers were forced to illegally sell their produce. In order to evade this prohibitive tax, they sold their produce directly at the field or through spontaneous markets.

In order to address this problem, USAID AgroInvest cooperated with the deputies of the Verkhovna Rada (Parliament) of Ukraine and the Ministry of Agrarian Policy and Food of Ukraine to develop and advocate for the adoption of two important laws by the Verkhovna Rada of Ukraine:

-The Law of Ukraine "On Amendments to the Tax Code of Ukraine (Regarding stimulation of the development of agricultural cooperation)" #10068, which was adopted by the Verkhovna Rada in the second reading on October 2, 2012 and has been signed by the President. This law repeals provisions from the Tax Code of Ukraine which adversely affect the rural population engaged in producing agricultural produce and discouraged them from participation in agricultural cooperatives. In addition, this new law creates a legal environment for the transparent and effective sale of agricultural products from the producer to end user.

-The Law of Ukraine "On Amendments to the Law of Ukraine "On Agricultural Cooperation" #11121, which was approved by the Verkhovna Rada on October 16, 2012 in the first reading and has been signed into law by the President. This law governs the tax status of cooperatives and will significantly improve the legal, tax, financial and credit, and economic environment for agricultural cooperatives and their members by (i) establishing a not-for-profit status of agricultural cooperatives and (ii) eliminating the existing double taxation of agricultural service cooperatives and their members who sell the produce through the cooperative. The law will have a positive effect on pricing in the food market and create conditions for the transparent storage and marketing of agricultural produce. It is expected that this will result in an increase in the amount of agricultural produce thus contributing to food security of the country.



USAID
FROM THE AMERICAN PEOPLE

AgroInvest Project

SUCCESS STORY

USAID AgroInvest Helps Farmers Streamline Marketing

The new wholesale market in Gola Prystan will help hundreds of local farmers market their produce and increase income



Olena Ilyukhina, villager: 'I have just 0.50 ha of land in the village of Nova Zgurivka, but I built a greenhouse and grow strawberries. I'm proud that my strawberries are organic. Anybody can safely consume them, even babies and pregnant women. We are very lucky to have this marketplace in Gola Prystan as it is very easy to get here with our produce. With this new marketplace I will be able to expand my small business as I know where to sell my strawberries now. Also, here I can buy what I need, and save time.'

Picture by Maryna Zarytska

Many farmers face the problem of where to sell their produce. Without access to a marketplace, many have no alternative than to sell their produce to a middlemen who grabs the lion's share of the revenue which otherwise would have gone to the farmer. In other words, a farmer who does not have access to a marketplace, not to mention facilities for grading, cleaning, packaging, cooling, and pre-sell processing of their produce, is always less competitive than a farmer who has access to a marketplace.

This problem has been in existence for many decades throughout Ukraine. Farmers selling their produce on the side of the road are a common feature of the Ukrainian landscape. In recent years, the government has adopted a strategy to construct a number of wholesale markets. Such markets have been built or are under construction in Lviv, Kyiv, Donetsk, to name a few. However, many of these markets are controlled by large-scale producers, and small and medium sized farmers do not have access to them.

USAID AgroInvest developed a strategy to support the construction of smaller, so-called "farmers' markets." Their main characteristic is that they are based on public-private partnerships, and farmers are members of the board. This is essential as proper governance is extremely important in this business.

Equally important is support from local governments and their commitment to ensure that farmers have access to these markets. Therefore, the project signed Protocols of Intent with local governments in Rivne and Kherson with a plan to establish not only the wholesale market but also a whole range of logistics centers and smaller farmers' markets in the surrounding villages to further facilitate farmers' access to developed market infrastructures.

The first such local market was built with USAID AgroInvest's consultative assistance in the town of Gola Prystan, Kherson Oblast. The market opened on May 5, 2012 and the opening ceremony was attended by representatives of local authorities and national supermarket chains, processors of agricultural products, and wholesale companies. The marketplace is planned as a logistics center for the accumulation, storage, and sale of agricultural produce for the domestic market and export. With the capacity to store 12,000 tons of vegetables, the market will be able to function year round.

The 26 hectares of the wholesale/retail market is divided into three parts by type of goods, with areas for industrial goods, agricultural produce, and construction materials for the sector.



It is expected that additional space for 250 cars and 300 pavilions/stalls will be added soon. The estimated turnover of goods in the market ranges from 300 to 400 tons a day. To date, approximately UAH 150 million has been invested in the construction of the facility. The total, the ultimate investment will be UAH 350 million.

This project was made possible due to the Protocol of Intent between the Kherson Regional State Administration and USAID AgroInvest signed in February 2012. The Protocol envisages that 5 local farmers' markets will be built in the Kherson oblast as well as storage facilities, logistics centers, and facilities for pre-sale preparation.

Mykhailo Melnyk, deputy governor, Kherson Oblast: 'On May 5, 2012, we launched the first phase of the Gola Prystan Market. This market is built with the consultative assistance of USAID AgroInvest Project. We signed Protocol of Intention with this project in February, and in May we opened the first local market. Marketing is extremely important for our farmers. Last year, they produced a lot of vegetables but were not able to sell them and thousands of tons perished and were discarded. In order to prevent this, we have to build marketing facilities, and this market is the first link in this chain. This market is linked to a logistics center and pre-sale preparation facilities. This will be not only a retail market. It is also open for wholesalers, and we expect that they will be able to form wholesale lots of agricultural produce for both the domestic market and export. Thus, we will be able to offer our high-quality vegetables to Ukrainian and European consumers. This market will be an element of a future comprehensive local logistics system. The system will include the wholesale market which has been built in Kherson, an intermodal terminal, a regional information-marketing center, Ukrainian Vegetable Stock Market, and five markets similar to the one launched in Gola Prystan. The market is open for farmers, coops, and agricultural enterprises. All these objects will function as a comprehensive system and facilitate marketing, motivate farmers to expand their business because the price will be more favorable compared to the price which middlemen pay to them. We have a huge potential and this system will help us unleash this potential. We will can double the quantity of produce and our farmers' revenues will go up. As a result, the community will become better off.'



Arthur Ushanyan, market director: 'Working with the USAID AgroInvest Project, we have significantly expanded our vision. AgroInvest helped us refine the concept for the creation of our agricultural market in Gola Prystan. Due to the new concept, we focused our efforts and accelerated the construction of the first phase of the so-called "farmers' market", which was launched on May 5 this year. Especially important for our market was the model, which USAID AgroInvest suggested. This model provides for integration of our market's operation with the activities of small farmers at the stage of planning and organization of their production and the formation of local sites for pre-sale preparation and delivery to the market. For the near future, this work is of top priority for our team, and we are looking forward to continued professional support which we receive from the Project.'



Tatyana Pishta, local farmer: 'Our farm, "Plody Merkuriya," was established in 2008 and is located in the village of Oleksandrivka, not far from Gola Prystan. We possess about 50 ha of land and rent another 563 ha. We produce grains, tomatoes, watermelons and melons. We also grow sunflowers and produce oil. I'm a veterinarian by background, and hog raising is an important part of our business. During the first two years we could hardly sell any meat because the price was extremely unfavorable. We had to sell hogs to a middleman on a live weight basis, for just UAH 18 per kilo. Now, with the launch of this marketplace, we rent a pavilion here, and we can

sell meat directly to consumers for UAH 38 per kilo, which is very good for us as well as for our customers. The raion administration and the market team helped us with all necessary documents so that we could sell directly to consumers. We have got a lot of happy customers, who buy meat from us every week. And I think this market has a great future.'



USAID
FROM THE AMERICAN PEOPLE

AgroInvest Project

SUCCESS STORY

First Loan Brings Local Farmer Promising Results

Credit unions, with the help of USAID AgroInvest, support local farmers by bringing new blood into their business



Farmer Valery Vasilevych and his wife are happy to harvest the first cucumbers in their new greenhouse

Access-to-Finance training to farmers in Kherson oblast organized by USAID AgroInvest in partnership with Gromada Credit Union helped farmers not only learn about new technologies in greenhouse horticulture but also secure loans to purchase and install new greenhouses.

U.S. Agency for International Development
www.usaid.gov

photo: Oleg Stoyanov

The estimated annual unmet demand for credit for Ukrainian small and medium producers (SMPs) is approximately \$7 billion. A very promising business for farmers in South Ukraine – growing greatly demanded and highly profitable rathe-ripes – still remains difficult to attain. This business requires considerable investments in modern greenhouse constructions and new technologies as well as strong ability of SMP's to generate documented cash flows sufficient to repay loans.

The USAID AgroInvest Project helped Gromada Credit Union to develop a credit program for SMPs and supported its implementation with an Access-to-Finance Training Program for farmers to increase their technological literacy and implement new technologies for the sake of attaining planned financial results. The goal of the program is to increase the farmers' creditworthiness through improved production technologies and marketing channels.

As a result of this partnership, the first loan in the amount of UAH 279,000 was issued in June 2012 to Valery Vasilevych, a farmer from Kherson oblast. He used the loan to build two new greenhouses. which serve as worthy replacements to his old wooden greenhouses, which did not allow him to use modern technologies and resulted in low productivity and rathe-ripe yields.

The first cucumber seeds were planted in July 2012, and the first yield was harvested in August. Due to modern greenhouse construction, the yield grew remarkably well, the season became much longer, and the farmer was able to make more money. Notably, Mr. Vasilevych has already grown cabbage seedlings to plant after cucumbers in the new greenhouses. He plans to harvest the cabbages during the New Year season.

Currently Mr. Vasilevych is repaying his loan according to schedule and expects to repay it within two years.

The new Gromada credit program is working well, and more farmers are securing loans from the credit union every week.

PERFORMANCE INDICATOR	Year 1		Year 2		Actual this Quarter	Year 3		Cumulative Project		Notes and Explanations
	Annual Actual	Annual Target	Annual Actual	Annual Target		Actual Annual	Annual Target	Actual result	LOP Target	
Project objective 1.1: Market-oriented policy reforms accelerated										
Indicator										
1.1.1- Number of policies/regulations/administrative procedures analyzed as a result of USG assistance	4	5	14	10	3	3	10	21	41	The analysis conducted this quarter was devoted to the issues of 1) the new extension of agricultural land sale moratorium, 2) creation of the State Land Bank, and 3) new status of Land State Agency regarding land management.
1.1.2- Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultation as a result of USG assistance	1	2	7	5	1	1	5	9	21	AgroInvest partner - Agricultural Service Cooperative Union – developed and presented a program on development of agricultural service cooperatives for the period of 2013-2020.
1.1.3- Number of policies rejected/vetoed/removed that are inconsistent with agricultural market-friendly/investment-friendly procedures	0	0	0	3	1	1	3	1	9	AgroInvest partner, Ukrainian Agrarian Confederation, successfully developed worked for the cancellation of obligatory registrations of foreign economic contracts (agricultural commodity export contracts) at agrarian commodity exchange.

PERFORMANCE INDICATOR	Year 1		Year 2		Actual this Quarter	Year 3		Cumulative Project		Notes and Explanations
	Annual Actual	Annual Target	Annual Actual	Annual Target		Actual Annual	Annual Target	Actual result	LOP Target	
1.1.4- Number of policies, regulations and administrative procedures passed	0	0	0	3	1	1	3	1	10	During this quarter, the Law of Ukraine “On Amendments to the Tax Code of Ukraine (Regarding stimulation of the development of agricultural cooperation)” was adopted by the Verkhovna Rada in the second reading on October 2, 2012 and was signed by the President.
1.1.5- Number of public-private dialogue mechanisms utilized as a result of USG assistance	2	4	3	8	0	0	8	5	32	No public-private mechanisms were utilized this quarter.
Project objective 1.2: Industry associations strengthened										
Indicator										
1.2.1- Number of national/regional-level working groups engaged by partner industry associations	0	2	12	5	0	0	5	12	20	No changes occurred this quarter.
1.2.2- Number of institutions/organization undertaking capacity/competency strengthening as a result of USG assistance	2	0	6	8	1	1	8	7	20	Grant agreement for capacity building was signed with the National Association of Agricultural Advisory Services “Dorada”.
1.2.3- Aggregated increase in self-financing for target industry associations	0	0	0	3	0	3	6	0	26	Data for this indicator for this reporting period will be available by the end of February and included in the next quarterly

PERFORMANCE INDICATOR	Year 1		Year 2		Year 3		Cumulative Project		Notes and Explanations	
	Annual Actual	Annual Target	Annual Actual	Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result		LOP Target
1.2.4- Number of new members in partner industry associations	0	0	0	5	13	13	10	13	35	report. 13 new members joined the Federation of Organic Movement this quarter.
Project objective 1.3:Public education for land rights provided										
Indicator										
1.3.1- Number of rural landowners reached	10,000	10,000	2,042,614	2,000,000	628.584	628.584	2,000,000	2,681,198	5,510,000	This number accumulate share of people who received info from media and distribution of printed materials, number of people who received individual consultations from our partners (1374) and number of people who took part in events (roundtables, group consultations, community meetings, total of = 485).
1.3.1a- Share of female landowners reached	50%	50%	47%	50%	59.73%	59.73%	50%	52%	50%	
1.3.2- Awareness of land rights among target communities	0	25%	na	30%	20.32%	20.32%	35%	20.32%	55%	These percentages reported for this quarter were obtained through the Project’s baseline survey conducted in December.

PERFORMANCE INDICATOR	Year 1		Year 2		Year 3			Cumulative Project		Notes and Explanations
	Annual Actual	Annual Target	Annual Actual	Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
1.3.2a- Share of female rural citizens in target communities	0	50%	na	50%	59.73%	59.73%	50%	59.73%	50%	These percentages reported for this quarter were obtained through the Project's baseline survey conducted in December.
1.3.3- Number of land deeds issued in target communities	0	0	340	2,000	767	767	6,000	1107	12,500	Results are beginning to increase due to more partners/grantees trained and commencing activities through the Project's secondary land rights program.
1.3.4- Number of land conflicts resolved as a result of project assistance	0	0	24	150	59	59	350	83	1,000	Results are beginning to increase due to more partners/grantees trained and commencing activities through the Project's secondary land rights program.
1.3.5- Percentage of legal aid service cost covered by non-project sources	0	0	0	5%	0	0	40%	0%	100%	Results for this indicator have not yet materialized due to delays in the implementations of the Project's legal services program. Results are expected to begin materializing in subsequent quarters this year.

PERFORMANCE INDICATOR	Year 1		Year 2		Year 3			Cumulative Project		Notes and Explanations
	Annual Actual	Annual Target	Annual Actual	Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
Project objective 2.1: Sustainable access to financial services for SMPs provided										
Indicator										
2.1.1- Value of agriculture finance facilitated	\$0	\$0	\$ 13,14M	\$ 4M	\$11.9 M	\$11.9 M	\$ 7M	\$25.0M	\$60M	During this reporting period, in addition to AgroInvest’s 63 partner credit unions, Metabank began aggressively increasing their agrilending to SMPs (up to 3,000 ha). Metabank alone delivered 83% of total value cited this quarter (i.e. \$9.7M of the \$11.7M).
2.1.2- Number of new borrowers and loans	0	0	7052	1000	1,999	1,999	2000	9,051	10000	It is noted that Q1 and Q2 usually reflect higher numbers of loans than in Q3 and Q4 based on the seasonality of the agriculture sector.
2.1.2a- Share of women-owned SMPs in whole number of new borrowers	0	0	39%	16%	59%	59%	16%	49%	18%	As of reporting from financial institutions women are quite proactive in agrilending.
2.1.3- New loan portfolio at risk at 90 days	0	0	0%	10%	3%	3%	10%	3%	10%	
2.1.4- Number of innovative financial products developed and introduced into the market as result of project assistance	0	0	3	3	0	0	2	3	6	No changes occurred this quarter. Two new products will be reported in Q2.

PERFORMANCE INDICATOR	Year 1		Year 2		Actual this Quarter	Year 3		Cumulative Project		Notes and Explanations
	Annual Actual	Annual Target	Annual Actual	Annual Target		Actual Annual	Annual Target	Actual result	LOP Target	
2.1.5- Number of agriculture-related firms benefitting directly from USG supported interventions	0	0	3756	1000	67	67	1000	4668	5500	During the quarter, 67 people were trained on innovative credit products.
Project objective 3.1: Producer organizations developed/strengthened										
Indicator										
3.1.1- Number of producer organizations identified, assessed and selected for assistance	0	5	9	8	0	0	7	9	20	During the reported period AgrolInvest announced Round 3 of the PO grants program and additional POs will be selected in February 2013.
3.1.2- Value of investment (in kind or otherwise) facilitated through producer group projects	\$0	\$0	\$0	\$450,000	\$337,920	\$337,920	\$500,000	\$337,920	\$2,225,000	\$337,920 USD worth of investment to producer organizations was secured and committed through cost-shares included in AgrolInvest grants during this quarter.
3.1.3- Increase in sales (tonnage) of farmers in targeted producer organizations	0	0	100%	10%	0	0	20%	100%	100%	No changes occurred this quarter. The estimation will be done during the sales period for agriculture products.
3.1.4- Perceived improvement in the quality of services provided to members by producer organizations	0	0	5%	5%	0	0	10%	5%	35%	No changes occurred this quarter. Survey will be conducted in the coming quarters.

PERFORMANCE INDICATOR	Year 1		Year 2		Actual this Quarter	Year 3		Cumulative Project		Notes and Explanations
	Annual Actual	Annual Target	Annual Actual	Annual Target		Actual Annual	Annual Target	Actual result	LOP Target	
3.1.4a- Share of female members reported improvement of services provided by producer organizations	0	0	21%	16%	0	0	16%	21%	18%	No changes occurred this quarter. Survey will be conducted in the coming quarters.
3.1.5- Number of producer organizations, water users associations, trade and business associations and community-based organizations receiving USG assistance	51	5	48	40	74	74	35	173	160	During the period representatives of 74 organizations participated in trainings conducted by the Project.
3.1.6a- Number of participants in USG supported trade and investment capacity building trainings	137	125	392	400	125	125	350	654	1175	125 people have been trained in investment development this quarter.
3.1.6a- Share of female training participants	23%	50%	55%	50%	42%	42%	50%	40%	50%	Average share of females participating in trainings is 42% according to the Lists of Participants
Project objective 3.2: more effective market infrastructure for SMPs developed										
Indicator										
3.2.1- Number of wholesale markets formed (through at least Stage 4)	0	0	0	0	0	0	1	0	2	Finalized technical-economic justification and construction has begun on wholesale market Shelen in Rivne
3.2.2- Number of local/regional markets of market infrastructure (e.g. storage/cold storage, packing/processing/sorting facilities) formed with	0	0	3	4	0	0	6	3	14	No changes occurred this quarter.

PERFORMANCE INDICATOR	Year 1		Year 2		Year 3			Cumulative Project		Notes and Explanations
	Annual Actual	Annual Target	Annual Actual	Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
project assistance										
3.2.3- Number of SMPs that have better access to markets due to improved market infrastructure (wholesale and/or regional markets, storage/cold storage, packing/processing/sorting facilities) from project assistance	0	0	300	500	0	0	1000	300	5000	No changes occurred this quarter. Results will be ready once market activity begins after winter.
3.2.3a- Share of female-managed SMPs reported better access	0	0	25%	16%	0	0	16%	25%	18%	No changes occurred this quarter. Data will be available in coming quarters based on 3.2.3
3.2.4- Number of micro enterprises linked to larger firms as a result of USG assistance to the value chain	0	0	119	100	0	0	200	119	1000	No changes occurred this quarter. Results will be received after the start of the agricultural season and opening of market infrastructure facilities.
3.2.4a- Share of female-owned micro enterprise	0	0	17%	16%	0	0	16%	17%	18%	No changes occurred this quarter. Data will be available in coming quarters based on 3.2.4
3.2.5- Value of investment facilitated in market infrastructure	\$0	\$0	\$2,170,673	\$400,000	\$0	\$0	\$ 10.6M	\$2.17M	\$21.25M	No changes occurred this quarter. Data will be available in coming quarters.