

# *Annual Report 2015*



*1 July 2014 – 30 June 2015*



# **ICF COMMUNITY WELLBEING**

## **Mission Statement**

To improve the wellbeing of  
Ukrainian  
communities while caring  
for the environment



## Introductory Word of the Chair of the Board



Dear friends,

I am honored to present the 21st Annual Report of the International Charitable Fund “COMMUNITY WELLBEING”, which covers a year being full of new achievements and developments of our fund.

This Annual Report provides a summary of many activities carried out by the Fund’s team for the period from July 2014 to June 2015 and outlines new trends planned to be implemented in the next year. This year was marked by important changes related to our fund. ICF COMMUNITY WELLBEING changed its organizational form in order to

become an independent Ukrainian charitable fund that would provide a wider range of activities. Moreover, the Fund could not stand aside of the situation that occurred in the East of Ukraine. That is why most of our charitable initiatives will be focused on the rehabilitation of ruined areas and assistance to Ukrainian defenders, persons wounded in the warfare and internally displaced people.

At the same time, in this period being difficult for Ukraine, we continued our hard work in order to improve wellbeing of rural families, ensure compliance with legal, regulatory and social requirements, and provide informational and methodological support to grantees in the development of pro-poor wealth creating value chains for agricultural products.

The goal of each project is to help small producers become real market players through self-organization and, consequently, to revitalize them in rural Ukraine.

Due to the transformation of small households into sustainable family farms and their uniting into agricultural service cooperatives, as well as the creation of value-added chains, villagers have a chance to sell their products on condition of transparency and at fair prices.

The further development of market relations in cooperative-based agricultural production will require proper comprehensive legal and procedural coverage of cooperatives’ activity. Experts from ICF COMMUNITY WELLBEING took an active role in drafting and improving legislation for agricultural service cooperatives, family farms and sustainable rural development in Ukraine.

The Fund will continue developing and strengthening partnerships with Danone Ecosystem Fund, Danone-Ukraine, SOCODEVI, the Department of Foreign Affairs, Trade and Development of Canada (DFATD), The United States Agency for International Development (USAID), oblast and raion authorities, and representatives of NGOs and active communities. We are sincerely thankful to our partners for their valuable support of the development of rural communities in Ukraine. We believe that our joint efforts will continue to make a difference in day-to-day lives of disadvantaged families and hope for the collaboration within our new initiatives.

Sincerely,



Viktor Teres,  
Chair of the Board

## ICF COMMUNITY WELLBEING Historical Highlights

**1994**

The first pilot project for Western Ukraine “Small Farm Development in Drohobych District”, designed by Heifer International Representative Office in Central and Eastern Europe, was approved.

**2000**

The International Charitable Foundation “Heifer Project International” (Heifer-Ukraine) was officially registered with the Ministry of Justice of Ukraine, Kyiv.

**2003**

The main office of Heifer-Ukraine moved from Lviv to Kyiv. The Lviv office continued its operations as a satellite.

**2004**

Heifer-Ukraine’s first Strategic Plan for 2004-2008 was developed and approved.

**2009**

Heifer-Ukraine received the “Benefactor of the Year” national award as the best international charity organization in Ukraine. Heifer-Ukraine Country Program Strategic Plan for 2009-2013 was developed and approved.

**2010**

Heifer-Ukraine received funding from Danone Ecosystem Fund for the “Ukraine Milk Communities” project. The first Phase of the project for the amount of 500,000 Euro started in February 2010.

**2011**

Heifer-Ukraine received funding from Danone Ecosystem Fund for the three projects: the “Ukraine Milk Communities Project”, Phase 2, the “Cooperative Learning Farm and Services” project, and the “Strawberry Cooperatives Development” project. The official title of the organization changed to the “International Charitable Organization “Community Wellbeing”; the short title “Heifer-Ukraine” was also kept.

**2012**

The first 10 hectares of strawberry were planted in the framework of the “Strawberry Cooperatives Development” project. The first coop-owned milk processing enterprise “Molochnyi Krai” in Chernivtsi Oblast received funding from the Chernivtsi Oblast and Storozhynets Raion Councils. State co-funding was received to construct a new coop milk processing facility in Kirovohrad Oblast. ICF COMMUNITY WELLBEING was awarded by the national “Benefactor of the Year 2011” contest in the nomination “For Providing In-Depth Training to Adults Helping Them Improve Their Lives”.

**2013**

ICF COMMUNITY WELLBEING opened its doors to international delegations to share experience and demonstrate practices used to implement projects in Ukraine. Phase III of the “Ukraine Milk Communities” project was approved and the project was launched on July 01, 2013.



2014

ICF COMMUNITY WELLBEING entered its transformation period in order to become an independent Ukrainian charitable fund. The Fund prepared its strategic and transition plan for 2015-2017. The plan will ensure financial independence and sustainability of future operations and projects and allow diversification of activities.

2015

ICF COMMUNITY WELLBEING started its cooperation with USAID/Partnering for Innovation within the implementation of the “Development of Family Farms United in Agricultural Service Cooperatives” project to increase small dairy producers’ production and enhance milk quality through strategic investments in value chains and trainings. The Fund was supported by the FAO for compiling a legal Compendium on Agricultural Cooperatives in CIS countries and started the conduction of the survey “Promoting Responsible Investments and Social Partnerships between Farming Enterprises and Local Communities” within the implementation of a subcontract with Chemonics International Inc. (the USAID AgroInvest project).



## Our Highlights for Fiscal Year 2015

- Since 2003, 80 agricultural service cooperatives have been supported, 52 of which are operational;
- Since 1994, 23,307 rural families have received support from ICF COMMUNITY WELLBEING, including 5,140 families - through passing on the gift;
- 34 reconstructed milk family farms for 6-15 cows were opened and became pilots in Kherson, Mykolaiv, Dnipropetrovsk, Zaporizhzhia, and Poltava Oblasts within the Ukraine Milk Communities Project. 34 families increased their incomes and improved their working conditions;
- 2 new milk collecting agricultural service cooperatives in Poltava and Mykolaiv Oblasts were equipped and successfully launched within the Ukraine Milk Communities Project;
- 13 social grants dealing with various issues of rural development were successfully implemented within communities. Each community managed to raise and allocate 30%, as a minimum, of resources for the implementation of social grants;
- The Coop Learning Farm reached the average milk productivity of 26L per cow, which is almost twice higher than the average productivity of cows in Ukraine;
- Facilities for calves growing and hay storage were constructed at the Cooperative Learning Farm.
- 478 tons of extra-class milk were produced at the Cooperative Learning Farm;
- The average milk yield per year at the Cooperative Learning Farm amounted to 8,544 kg per head and only “extra” grade milk in terms of quality was produced – the highest grade possible in Ukraine;
- Over 259 tons of strawberries were collected within the Strawberry Cooperatives Development Project;
- 5 family farms growing strawberries participated in the project though the plantation of 7 ha and co-financing of 40% of expenses (labor, water connection, soil preparation, etc.) – they collected 49.2 tons of strawberries;
- The trade mark “Simeina Ferma” (means the “family farm”) and a logo for milk products were registered;
- ICF COMMUNITY WELLBEING started its cooperation with USAID/Partnering for Innovation within the implementation of the “Development of Family Farms United in Agricultural Service Cooperatives” project to increase small dairy producers’ production and enhance milk quality through strategic investments in value chains and trainings.
- ICF COMMUNITY WELLBEING received funding from the FAO and compiled a legal Compendium on Agricultural Cooperatives in CIS countries and Georgia;
- ICF COMMUNITY WELLBEING started the conduction of the survey “Promoting Responsible Investments and Social Partnerships between Farming Enterprises and Local Communities” within the implementation of a subcontract with Chemonics International Inc. (the USAID AgroInvest project);
- ICF COMMUNITY WELLBEING participated in the development and implementation of national and regional programs and policies, as well as other documents:
  - Drafting the new Concept for Rural Areas Development in Ukraine;
  - Making amendments to the Law of Ukraine “On the Farming Household” to consolidate family farm definitions at the legislation level to support the process of family farms establishment and development in Ukraine, including family farms supported by the Fund;
  - Drafting proposals regarding amendments to the Tax Code of Ukraine to address problems of taxation of coop members.

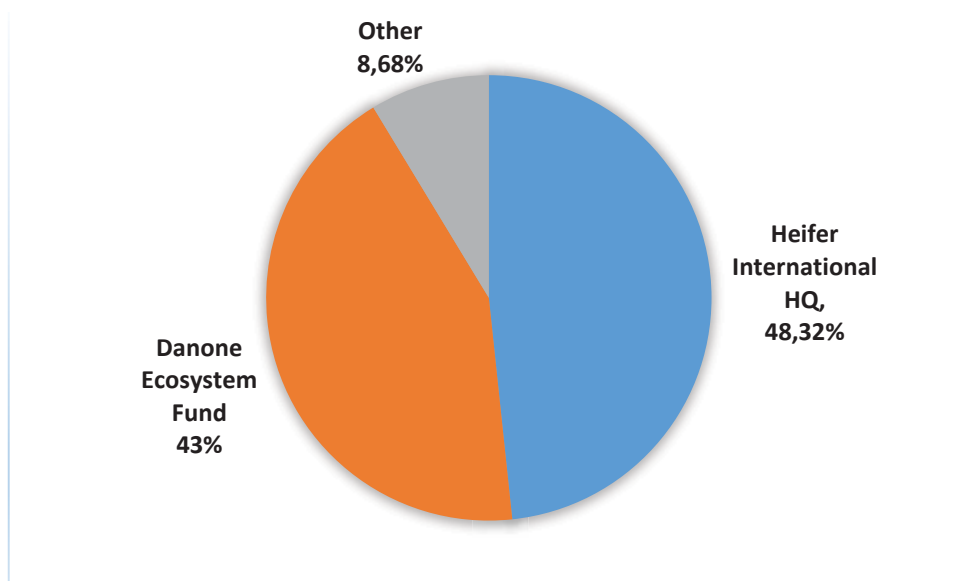
## Financial Indicators

### Financial Indicators by Sources

For FY 2015 (from July 01, 2014 to June 30, 2015), the Fund's total project and operations budget amounted to **\$1,593,751\***. The Fund's sources include funding from donors, external grants, and co-funding from authorities. There is also non-monetary support, such as volunteer work and the involvement of local resources.

ICF COMMUNITY WELLBEING constantly works on the diversification of its budget sources. There was an increase in grant funding in 2015 (see the chart below). Moreover, an unqualified international audit is conducted on an annual basis, with this year's audit report being available upon request.

**Budget Sources of ICF COMMUNITY WELLBEING in FY 2015**



*\*The amount includes funds transferred through our account to communities, not including funds provided directly to communities based on signed memorandums and agreements with other donors and local authorities.*

## Our Initiatives in Depth

### Ukraine Milk Communities Project

**Goal:** To develop a sustainable and competitive milk supply model for individuals through the transformation of prospective households into family farms and increasing professional knowledge, skills, efficiency and sustainability of agricultural service cooperatives and their members.

**Project donors and partners:** Danone Ecosystem Fund, Danone Ukraine, Heifer International, DFATD/SOCODEVI.

**Project history and budget:**

- Phase I: February 2010 – February 2011 (\$0.8 million);
- Phase II: February 2011 – June 2013 (\$1.8 million);
- Phase III: July 2013 – July 2016 (\$4.5 million).

**Total budget:** \$7.1 million.

**Project area:** Poltava, Dnipropetrovsk, Kherson, Zaporizhzhia and Mykolaiv Oblasts.

The project implementation started in 2010, when Danone Ecosystem Fund, Danone Ukraine, Heifer Project International, and DFATD/SOCODEVI combined their efforts and resources to improve wellbeing and income of rural families in the Central and Southern Ukraine by uniting smallholders into agricultural service cooperatives and providing equipment for these cooperatives. The successful implementation of Phase I of the project (2010-2011) prompted to prolong the project into Phase II (2011-2013), which was focused on building the capacity and raising the potential of the established coops through improving practical knowledge of coops' members in producing high-quality milk and developing economic activities and high-quality services provided by the coops.

Thus, from phase to phase, the Ukraine Milk Communities project aims to scale up the impact on smallholders as members of agricultural service cooperatives by offering new horizons for development. Phase III launched in July 2013 is not an exception. The goal for this phase is economic, social, and environmental sustainability of coops and establishing family farms in order to increase capacities of the most prospective smallholders. In 2014, the project was focused on intensifying family farm reconstruction and strengthening cooperatives, with family farms being members of such cooperatives.

**The key achievements of FY 2014 are as follows:**

- 34 family farms for 7-15 cows were created;
- 34 families increased their incomes and improved their working conditions;
- The first demonstrative from-scratch family farms obtained all construction permits, received funding and started construction works;
- Two new agricultural service cooperatives were equipped and successfully launched;
- 71 heifers were placed at project family farms, which are members of project cooperatives;



- 13 social grants dealing with various issues of rural development were successfully implemented;
- More than 200 publications on the Milk Communities Project were produced and appeared in local and regional media.

**Future plans:**

- Ensure first-grade milk collection from all family farms and smallholders supplying milk to cooperatives via family farms with a cooling facility;
- Increase the number of reconstructed family farms to 100 within this project, and reconstruct additional 70 family farms using funding from USAID/Partnering for Innovation project, providing an access to 1,000 small holders to supply milk through family farms that have installed milk cooling tanks;
- Install 60 mini cooling tanks on the base of selected family farms within this project and 50 additional tanks due to funding from USAID/Partnering for Innovation project;
- Enhance coops' and family farms' access to microcredit funds;
- Gradually improve management and ensure sustainability of project coops;
- Create active boards consisting of family farms in each cooperative.

## Success Story

### New Family Farms Ensure Bright Future for Smallholder Farmers



The 28th of November in 2014 became a special day for “Zhovtneve” and “Balkivskyi Plius” cooperatives and Ukraine’s Tokmak Raion community. Three family farms were successfully launched in the villages of Zhovtneve and Ostrykivka. The farms belong to active cooperative member families.

The event attracted the attention of oblast and raion officials, including Hryhorii Samardak, the Deputy Head of Zaporizhzhia Oblast Administration, Viktor

Mezheiko, the Head of Zaporizhzhia Oblast Council, Andrii Revytstkyi, the Head of the Oblast Department for Agro-Industrial Development, Olena Hatailo, the Head of the Tokmak Raion Administration, Leonid Stolnikov, the Head of the Tokmak Raion Council, representatives of ICF COMMUNITY WELLBEING, Danone, Dnipropetrovsk Oblast Extension Service, heads of “Balkivskyi Plius” and “Zhovtneve” cooperatives, heads of local village councils, and around 100 community members.

“Cooperative family farms help solve unemployment problems in villages. Solving unemployment is vital for villages that are in hard situations”, Hryhorii Samardak, the Deputy Head of the Zaporizhzhia Oblast Administration, commented.

“Newly-opened family farms show how effective rural economies can be. Hopefully, more and more people will be interested in it, contributing to the development of the milk sector as a whole,” Viktor Mezheiko, the Head of the Zaporizhzhia Oblast Council, stated.

Yuriy and Svitlana Psiol had struggled before joining the project. “We wanted not just to exist, but to live,” they said.



“We managed to buy a cow and after a while it brought us a calf. Life improved after we joined “Zvotneve” cooperative. We got two more cows and then joined the Milk Communities Project. The project gave us two more heifers, farm equipment and expertise. Now we can say that we have a secure future”.

The Dolia family also participates in a cooperative. They live in Ostrykivka village and actively participate in the “Balkivskyi Plius” cooperative. Oleksandr Dolia began rebuilding his barn in June with the assistance from the project. The family now has six cows and it has ensured a bright future for itself.



The newly opened family farms will provide cooperatives with additional volumes of milk. Milking, ventilation, lighting and other equipment provided through the Milk Communities Project will allow better conditions for livestock breeding. It will also help increase farms' productivity. Moreover, as a share of manual labor greatly decreases, people will have more time to work on expansion and take care of their families.





## Cooperative Learning Farm and Services Project

**Goal:** To build, establish and provide institutional support to a cooperative learning farm to demonstrate the best animal breeding and top-quality milk production practices and train members of “Hospodar” cooperative union; to increase the income of cooperative members by improving farm management methods and providing them with an access to cooperative union’s equipment.

**Project donors and partners:** Danone Ecosystem Fund, Danone Ukraine, Heifer International, DFATD/SOCODEVI, Dnipropetrovsk Agricultural Advisory Service.

**Period of project implementation:** July 2011- June 2017.

**Project budget:** 1,807,681 Euros.

**Project implementation area:** Dnipropetrovsk Oblast.

Thorough experience of ICF COMMUNITY WELLBEING in milk farm management and established partnerships spurred the launch of the “Cooperative Learning Farm and Services” project in 2011 in Dnipropetrovsk Oblast. The union of agricultural service cooperatives “Hospodar” became the owner of the cooperative learning farm “Molocharske”, where modern dairy



cattle breeding and milk production methods are developed and demonstrated to members of cooperatives. In addition to the training program implemented at the learning farm, a program of support for small family farms is being implemented within the project, with some of them serving as demo fields for replicating and sharing adapted practical farm management experience. Besides holding educational events, the project pays great attention to protecting and lobbying the interests of cooperative union members and providing services to them.

The following results were achieved in various project areas in FY 2015:

The Cooperative Union that unites six agricultural service cooperatives continued providing the following services to their members:

- Milk collection;
- Artificial insemination;
- Vet services;
- Joint use of pastures.

Before the Cooperative Union was established, the following main challenges had been observed:

- Poor communication and lack of experience sharing between cooperatives;
- Lack of equipment and machinery (due to their high prices) that would allow increasing the number of services in feed procurement and land tillage;
- Lack of communication and collaboration between cooperatives and the local government.

At the beginning of its functioning (2011), the union of AS coops “Hospodar” (the Coop Union) united 450 members. Currently, it unites 720 members from eight coops, which became possible due to the successful provision of feed procurement and land tillage services and trainings to members of the Coop Union. Since the beginning of its operation, “Hospodar” cooperative union has provided the following services: silage preparation – 3,372 t, land tilling – above 3,000 ha, fodder crop seeding – 220 ha, baling – 1360 t of hay. The system of milk quality tracking has been introduced at the coop level due to trainings provided by the Coop Union.

Dairy cooperatives (members of the Coop Union) have increased milk collection and cooling by more than three times due to the Union establishment. Milk is supplied to Danone Ukraine for processing. An agreement for milk supply has been signed with each cooperative. The Coop Union serves as a coordination center for cooperation with a milk processing enterprise. Another objective of the Union is to organize trainings on milk quality and hygiene in order to meet milk quality requirements set by the milk processing enterprise. Due to the implemented training program, milk



producers managed to decrease milk contamination almost by three times.

The Cooperative Union successfully advocates their members for enabling legislative environment and improved local government programs for support of coops and family farming. Moreover, the Coop Union successfully works with donors and attracts external financing. In order to implement programs for cooperatives

financial support, a low interest rate credit mechanism has been developed in collaboration with banks. Two cooperatives of the union have already received funds for the reconstruction of a milk processing center and the purchase of an own dairy truck.

Coop governance and coop management models have been significantly improved due to professional trainings provided to coops – members of the Coop Union. Most of coops have demonstrated improved indicators of economic efficiency, increased membership and an increased level of trust and cooperation among coop members.

Strategic priorities of the Coop Union include implementing a system for the provision of coop members with high-quality mixed feeds and in-bulk milk collection from milk cooperatives that are members of the Union to open opportunities for negotiations regarding more competitive prices for produced milk.

Cooperative learning farm. In 2015, the cooperative learning farm focused on reaching high indices of animal productivity and milk quality, as well as implementing new approaches in the production and efficient use of supplies. The milk consultant team monitored the indices of cows’ productivity, milk quality and reproductive capacity of cows on a monthly basis and corrected key operational procedures related to animal feeding, treatment and reproduction techniques, etc.

In FY 2015, the cooperative learning farm implemented a system of motivation-based labor remuneration based on work results for operating staff. Moreover:

- 478 tons of extra-class milk was produced at the farm; the average milk yield per year amounted to 8,544 kg per head;
- The productivity of cows at the Demofarm (26L per cow) is almost twice higher than the average productivity of cows in Ukraine;
- The farm supplies only “extra” grade milk in terms of quality – the highest grade possible in Ukraine.

**Training center activity.** For the period of the project implementation, 773 members participated in trainings and promotional events on dairy cattle breeding and the establishment of small family farms. Trainees had the opportunity to gain practical experience in constructing and arranging small family farms, learn the economics of managing a dairy farm and see working examples of arranging farm premises, which ensure comfort for animals and thus contribute to their productivity.

**Development of small family farms.** The Coop Learning Farm has also become a training center for coop members interested in reconstructing family farms or building them from scratch. Five model family farms have been established and have been visited by trainees in the framework of trainings held at the Cooperative Learning Farm. 65 family farms keeping 585 cows have been established in total in five regions of Ukraine.





## Strawberry Communities Project (Phase I)

**Goal:** To increase incomes of at least 500 individual households by up to 50% by uniting them into an agricultural service cooperative to produce strawberry using modern technologies and sell it through the cooperative.

**Project donors and partners:** Heifer International, Danone Ecosystem Fund, Danone-Ukraine and DanTrade company.

**Project duration:** 2012-2015.

**Project budget:** \$1,242 million.

**Project area:** Ternopil and Lviv Oblast.

The project is implemented by “Losiatynske Molochne Dzherelo” coop in Losiatyn Village of Ternopil Oblast, which provides strawberry planting, storage and marketing services to its members both on the joint field and on private land plots. During project implementation, investments allowed expanding the area planted with strawberry on the cooperative field from 10 ha in 2012 to 27 ha in 2014. Besides that, in 2015, five family farms harvested strawberries from 7 ha on their own land shares. A unique feature of the project is that the coop uses only the best practices of strawberry planting that allows selling and supplying most of the harvested strawberries to Danone for the production of natural strawberry filling for dairy products.

The year 2015 was quite hard for the cooperative and its enterprise due to the unstable political and economic situation and war actions in the East of Ukraine. The huge devaluation of the local currency from 10 to 22 UAH per US dollar caused price increases for agricultural inputs, including fuel, chemicals, planting material, irrigation systems, etc.

The results of this season are not as good as it was expected due to unfavorable weather conditions during flowering and picking periods (the end of May and June). So, as of the end of the season, the coop and family farmers harvested 258.6 tons of strawberries in total vs 340 tons planned, 191 tons of which were supplied for Danone needs. The yield expectation was fulfilled for 76%.



**In total, the cooperative harvested 210 tons of strawberries:**

- 21.6 tons were sold in the fresh market;
- 12.7 tons were sold to local processors due to their low quality;
- 165.3 tons were supplied to Agrana for Danone-Ukraine needs;
- 7 tons were lost on the field (collected but utilized strawberries due to spoilage, mold, or strong defects).

**Family farmers collected 49.2 tons of strawberries:**

- 23.5 tons of which were sold in the fresh market;
- 25.7 tons were supplied to Agrana for Danone needs.

In the next year, farmers expect to have higher productivity, so they are able to harvest more strawberry and deliver it for processing to cover Danone needs.

**Seasonal labor and field management**

The season was very challenging, as there were 32 ha for picking, which is 12 ha more than the last year. During this year, 30 people got permanent jobs and 320 seasonal employees were involved in strawberry collection. They increased their incomes by 40-70%. Being officially employed by the coop's enterprise, permanent workers will receive state unemployment benefits during "cold" months, when there is no work in the field. Workers would not have this social protection if the coop's enterprise did not pay social taxes as an employer.

A strawberry-picking event took place in the village of Losiatyn on June 17, 2015. Representatives of donor organizations like ICF COMMUNITY WELLBEING, Heifer International, Ecosystem Fund Danone, DanTrade, Danone Ukraine, USAID, as well as local authorities and journalists participated in this sweet event.

They were demonstrated a joint strawberry field, different varieties produced by the coop, and cooling and freezing chambers, where the coop chills fresh strawberries and stores processed ones. During this event, Greta Grishanova, the Director of CEE Programs at Heifer International, handed the Golden Talent award to Svitlana Kebaliuk, the Director of the cooperative enterprise "Ecofruits".



### First Bird in Family Farming

Khomliuk's family from the village of Losiatyn has been engaged in strawberry production for more than 15 years. Ivan Khomliuk and four members of his family – his wife Svitlana and three sons (Andrii, Nazar and Vasyl) – deal with berries production, and it is a single source of income for them.

From the very beginning of the Strawberry Communities Project launch, Ivan's family actively supported and advocated it in front of other villagers who did not believe that something positive could be brought by the project to their community.

Ivan and Svitlana have visited all the trainings and demo fields within the project. They were always hungry for knowledge and actively used the potential brought by national and international experts invited by the project. Ivan's land share (1.55 ha) is located far from the joint field. That is why his family was not able to join the project from the very beginning.

In 2014, the project Steering Committee decided to start cooperation with farmers whose shares were not located close to the joint field, but who willed to develop berries production and expand their areas under strawberry. Ivan was the first of five farmers who decided to join. He has invested in soil analysis and soil preparation, making beds, the construction of a water well and a reservoir for irrigation, labor for irrigation system setting, strawberry plantation, cleaning, etc.

The project has provided the farmer with strawberry seedlings, an irrigation system, black mulch for beds covering, plant protection means and fertilizers. In total, the project and the farmer have invested equal funds in 1.55 ha plantation. In summer 2015, a family of Khomliuk supplied their first harvest of strawberry of 4.5 tons to Danone through the cooperative. Strawberries had been picked according to Danone standards with minimum culling. The family generated \$6,500 from strawberry production (including strawberries sold on a market of fresh produce), which allowed to return made investments. Next year, the family expects to receive profit of \$5,000-6,000 from strawberry production.

Mr. Khomliuk told that cooperation with Danone had taken the family's agro-business to a completely new level, and that everything was clear, transparent and effective. "Harvested strawberries go directly from fields to a freezing chamber, where they are weighted, and a receipt on a strawberry delivery is issued. This year, all we had to care for was harvesting, while the cooperative was responsible for sales. We used to harvest berries every day in the morning, and the whole family would sell it at a bus stop in the evening. Sometimes, we just had to throw unsold strawberries away, and losses from this operation in some years reached 40%," Ivan commented.

The family plans to spend earned money, after buying a PC for the children, for the improvement of its strawberry field and the purchase of saplings to expand the production.





## Milk Value Chain Project

**Goal:** By 2017, to achieve a sustainable increase in milk production profitability of 1,350 smallholders through the efficient operation of cooperative milk processing plants in Chernivtsi and Kirovohrad oblasts.

**Project donors and partners:** Heifer International, Kirovohrad Oblast Council, Kirovohrad Oblast State Administration, Znamianka Raion Council, Znamianka Raion State Administration, Chernivtsi Oblast Council, Chernivtsi Oblast State Administration, Storozhynets Raion Council, Storozhynets Raion State Administration, AgroInvest USAID project.

**Period of project implementation:** 2014-2017.

**Project budget:** \$162,100.

**Project implementation area:** Kirovohrad and Chernivtsi Oblasts.

The implementation of the Milk Value Chain project is aimed at the sustainable development of local rural families by increasing the profitability of milk processing. An added value for rural families will be ensured by the following chain: a producer (a rural family – a cooperative member) – a cooperative milk collection station – a milk processing enterprise – a consumer (consumes quality products) and a producer (gains an extra income from selling milk products).

### ASC “Ivankovetskyi Svitanok” Milk Processing Facilities

The coop is owned by its members, who are also the owners of produced dairy products. 50 rural families are involved in the project. The milk processing line is of domestic make and has the capacity of 3 tons per shift. Production is scheduled to start in autumn 2015. The project involves the production of milk, sour cream, kefir, boiled fermented milk and lactic cheese. The products will be sold to educational and medical establishments and through a retail network in Kirovohrad Oblast.

### Key project achievements in Kirovohrad Oblast (“Ivankovetskyi Svitanok” coop):

- The production area and offices of the future milk processing facility have been renovated;
- Milk collection equipment has been installed;
- Milk processing and ready product packing lines have been installed;
- A chamber for storing ready dairy products has been equipped;
- Water supply, water disposal, power supply and ventilation systems have been installed;
- The mechanism for organizing the cooperative’s supply of raw milk collection and processing services and ready dairy product sale services to its members has been developed;
- The legal and accounting guideline “Organization of Services for Agricultural Service Cooperatives From Harvesting, Cooling and Processing of Dairy Raw Materials to Sale of Finished Goods: Accounting, Taxation and Some Legal Aspects” has been published;
- “Simeina Ferma” (“Family Farm”) trademark was registered.

Next year plans for Kirovohrad Oblast ("Ivankovetskyi Svitanok" coop):

- To do the start-up work and start the production of dairy products;
- To conclude contracts on the supply of dairy products to educational and medical establishments and through a retail network in Kirovohrad Oblast;
- To gain an access to cheap credit resources to increase the operating capital required to pay for raw milk;
- To involve at least 150 more rural families and two cooperatives in the project implementation;
- To develop and produce new packaging for the entire line of dairy products; products are planned to be packed in a polyethylene film;
- To purchase transportation vehicles to deliver products to consumers; and
- To create a learning center at the cooperative to hold topical trainings and workshops.



## **Supporting the Creation of an Enabling Legislative Basis for the Development of Cooperatives, Family Farms and Cooperative Enterprises and Sustainable Rural Development**

An integral and important part of ICF COMMUNITY WELLBEING activity is participation in the development of the state policy for sustainable rural development, which stipulates the creation of enabling legal and regulatory conditions for the growth of rural economy and improvement of the welfare of every member of a rural society in particular and of rural communities in general.

The Fund's experts continued to work for the development of positive legislative environment for the establishment of family farms, agricultural service cooperatives and value chains of agricultural products produced by smallholders and family farms in rural areas. Special attention was also devoted to regulatory issues and information provision related to agricultural production in rural areas.

ICF COMMUNITY WELLBEING is an active member of the working group of the Ministry of Agrarian Policy and Food of Ukraine dealing with the development of agricultural service cooperatives, family farms and other issues related to socio-economic development of rural areas.

The Fund's experts initiated the process of legislative regimentation of family-type farms. For this purpose, our experts took an active part in the development of the draft Law "On Amendments and Supplements to the Law "On the Farming Household"" in terms of regulation and legislative support for the establishment and activity of family farms.

This law applies to the legislative regulation of the establishment, operation and state support of family farms, a simplified procedure for obtaining permit documents by small forms of agricultural business, a procedure of family farms registration, and characteristics of their activities.

The adoption of this law will boost the development of the European model of family farming and facilitate the profitable management of small producers in rural areas in particular and unions of agricultural service cooperatives in the whole.

Within the working group of the Ministry of Agrarian Policy and Food, the Fund's specialists were directly involved in the preparation of the Concept for Rural Development of Ukraine, which will allow shifting the focus of the state policy to the support of rural development and improvement of life quality and economic wellbeing of people living in rural areas, creating preconditions for the expanded replication of appropriate patterns and ensuring food security of the state in the global division of labor.

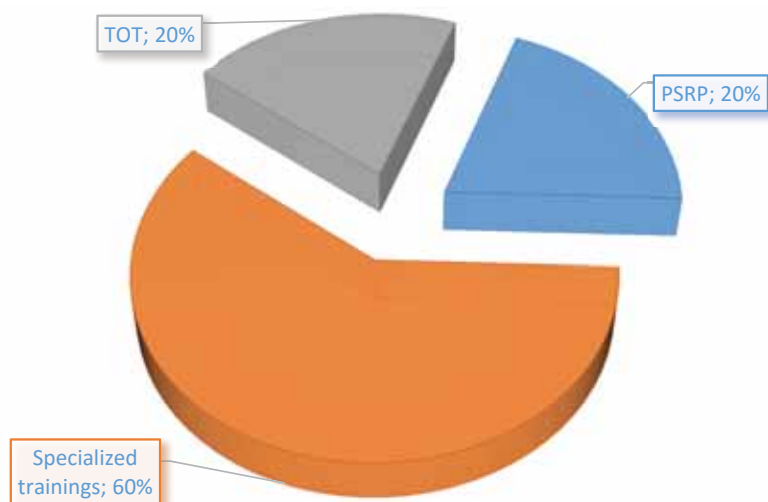
An active work for providing professional consultations and documentary support for the Fund's ongoing projects was conducted.



## Result-Oriented Training Programs

The important component of each project of ICF COMMUNITY WELLBEING is providing training for its participants. During the reporting period, **617** members participated in **49** trainings, which included such types of trainings as trainings for the participatory self-review and planning of a project (PSRP), technical trainings for the Fund project members and trainings for the Fund's staff (see the chart below).

### TRAININGS DEVISION IN 2015 FY



For the reporting period, special attention was devoted to family farming development. ICF COMMUNITY WELLBEING continued the implementation of its strategy of establishing dairy family farms in order to increase capacities of the most prospective smallholders within the Ukraine Milk Communities Project. During the last financial year, 390 project participants received integrated trainings, which included such topics as animal keeping and care, hygiene and milk quality, organization of animal balanced feeding, veterinary medicine and animal reproduction, etc., for ensuring profitable and sustainable functioning of family farms. An important role in the educational system for family farmers and smallholders belongs to a training center of the Cooperative Learning Farm. **11** trainings for **141** participants were conducted additionally at the Coop Learning Farm due to financial support of Fund's partners. Based on the Coop Learning Farm, trainees had the opportunity to gain practical experience in constructing and arranging small family farms, learn the economics of managing a dairy farm and see working examples of arranging farm premises, which ensure comfort for animals and thus contribute to their productivity.

To discuss a family farms development strategy and transform coops' services in order to meet needs of family farms, the Conference on Cooperatives and Family Farms Development took place on April 2-3, 2015 in Kherson. The conference was held by ICF COMMUNITY WELLBEING in partnership with Danone-Ukraine and the Dnipropetrovsk Agricultural Advisory Service. The event gathered near 80 participants from among partners, heads of agricultural service cooperatives and farmers. The conference became the platform for the development of a common vision for project

implementation ways among the partners and the discussion of topical issues related to family farms development. Besides, participants had the opportunity to take part in profound trainings on animal feeding, veterinary medicine, accounting and legal aspects of coops activity and coops leadership.

Moreover, ICF COMMUNITY WELLBEING permanently cares about the professional development of its staff. Thus, on September 1-5, 2014, six Fund's specialists took part in the Project Management for Development Professionals training (PMD Pro), which was organized by Heifer International in Georgia, Tbilisi. The specialists got theoretical knowledge and practical skills in such topics as project identification and design, project initiation, project planning, project implementation and transition in a non-governmental sector. Besides, two specialists were trained as trainers in project management during the ToT that took place on September 6-8, 2014 in Georgia, Tbilisi.

The Association Agreement between the European Union and Ukraine signed in 2014 became challenging in the context of a necessity to adapt food safety laws to EU requirements. The Law "On General Principles and Requirements for Safety and Quality of Food" is about to come into force on September 20, 2015, and it will introduce a new system of food safety control at all stages of production and circulation and include many new requirements to be followed by food producers, processors and distributors. In order to be prepared for the new requirements, four Fund's specialists took part in the training "Legal Requirements for Procedures Based on HACCP Principles, Traceability, and Provision of Information on Food to Consumer" on January 15-16, 2015 (Kyiv), which was organized by the USAID "AgroInvest" project.



## New Forms of Partnership Bring Changes to Existing Projects

This year, ICF COMMUNITY WELLBEING continued its successful partnership with the Ukrainian Philanthropic Marketplace to support disadvantaged rural residents of Ukraine.

ICF COMMUNITY WELLBEING has cooperated with the Ukrainian Philanthropic Marketplace in the framework of several projects. Two of the projects have already collected the entire amount that had been requested. The first project, supported by the UPM and located in Babanka village, Cherkasy Oblast, was aimed at nutrition improvement of children at a Babanka orphanage. Thanks to the collected funds, the orphanage has purchased a unique yoghurt maker, which had been designed especially for the needs of the orphanage.

Another project that received support is situated in Starosillia village, Odesa Oblast. Several years ago, ICF COMMUNITY WELLBEING initiated a project for the local community and provided purebred animals, trainings and necessary materials for local families. It resulted in a stronger community with improved farming skills and a high-quality herd. The Coop organized a milk collection center for the local community. After the first results of the milk collection center, coop members felt the need to launch an additional center that would serve remote villages. Launching the milk collection center requires a complex approach and a lot of equipment. Even though the center was almost ready, one piece of equipment was still missing – a Milk Quality Analyzer. In order to collect the lacking resources, the Fund applied for the UPM's support. The call for help was placed on the UPM website and in few months, the needed amount was collected.

Thanks to the funds collected through the UPM, the milk collection center in Starosillia was launched and even more families were rewarded for their hard work in the form of income security and sustainability of their households. The community forges ahead. People are already working on launching a milk-processing center, which will provide milk to about 1,000 children from 5 schools and 5 kindergartens in Sarata Raion. This means that children will have a chance to have fresh high-quality milk not only at home but also at schools on a regular basis. It will also help many local families receive stable incomes based on higher milk collection prices.

Thanks to two 500-liter chill cabinets, bought using the funds raised through the Ukrainian Philanthropic Marketplace, children of a Kremenets orphanage (Ternopil Oblast) will be able to procure 600 kg of strawberry and store frozen berries until the next season, and consume various meals with fresh-frozen berries for a year. The cabinets have also allowed storing meat and ready-to-cook food for children. The bought cabinets have significantly improved the quality of diet of small inmates and let the children eat both tasty and healthy berries during a whole year.





## USAID/Partnering for Innovation Project: Development of Family Farms United in Agricultural Service Cooperatives



# FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

### Partnering for Innovation

ICF Community Wellbeing started USAID/Partnering for Innovation Project: Development of Family Farms United in Agricultural Service Cooperatives, implemented by ICF Community Wellbeing in partnership with Danone-Ukraine, Dnipropetrovsk Agricultural Advisory Service and UASC Hospodar, co-financed by Danone Ecosystem Fund and DFATD/SOCODEVI.

The project aims to strengthen the dairy value chain mainly in Poltava, Dnipropetrovsk, Zaporizhzhia, Mykolaiv, and Kherson oblasts, and in four additional oblasts – Cherkasy, Kirovohrad, Zhytomyr, and Kyiv by establishing 170 family farms, linking 1000 smallholders to cooling tanks providing milk quality trainings and strengthening existing cooperatives.

**Period of project implementation:** July 1, 2015 – July 30, 2017.

#### Project target groups:

- 170 candidates for farms reconstruction;
- 1000 stallholders;
- 160 representatives of agricultural service cooperatives, including board members.

Currently, ICF Community Wellbeing is looking for candidates for family farms reconstruction. The candidates should meet the following criteria:

1. Family has at least 7 cows at the moment of equipment installation;
2. Willingness to increase the cattle herd to at least 10 animals;
3. Ownership right for a land plot where animal barns are located;
4. Available land plot (on the basis of 1 ha per 1 head of cattle);
5. Membership in agricultural service cooperative/ willingness to join the local cooperative;
6. Commitment to supply 80% of produced milk through the cooperative during five years on condition that purchase price is not lower than average market price.

It is expected that 170 families will be provided with assistance on reconstruction and increasing effectiveness of family farms during the period of project implementation (2015-2017). Plans for barn reconstruction will be developed, and technical equipment for farming management improvement, reduction of manual labor application, improvement of animals keeping conditions and milk quality will be provided, i.e. milking equipment, drinking fountains, lighting with automated control, ventilation

system, rubber matting. In addition, the first selected 70 project participants will receive a gift of two highly productive heifers (assuming passing on the gift of the first female offspring to another family farm - agricultural service cooperative member).



## Plans for the Coming Year

- Diversify directions of activity, including the development of new consulting, training, and other services with a special focus on business and legal issues;
- Continue implementing innovative rural development projects throughout Ukraine, while increasing their scale, improving efficiency of work and ultimately empowering rural agricultural producers to become self-sustainable, influential, and able to protect their economic and social interests;
- Expand fundraising for new projects, including cooperation with other national and international NGOs in Ukraine and trans-border projects with other NGOs in the region. Attract donors by combining resources from different sources for scaling up and improving projects impact;
- Continue developing the cooperation with the Danone Ecosystem Fund, Danone Ukraine, and DanTrade to implement successfully the new planned Phase 2 of the Cooperative Learning Farm and Services project, the planned Phase 2 of the Strawberry Cooperatives Development (Ecofruit) Project, as well as the ongoing Phase 3 of the Milk Communities Project. Initiate and develop other corporate social responsibility projects;
- Continue strengthening and developing relations with state authorities and other stakeholders to attract co-funding and jointly advocate for needs of smallholders united into Agricultural Service Cooperatives and Unions of Cooperatives.





## List of ICF COMMUNITY WELLBEING projects July 01, 2015

#	Project N	Project Location	Project Name	Coordinator	Project Duration
1.	UA0869HIUA00	Poltava, Dnipropetrovsk, Zaporizhzhia, Kherson, Mykolaiv oblasts	Ukraine Milk Communities – Phase 3	Tetiana Danyliv  Oleksandr Gudyma	2013-2015
2.	UA0866HIUA00	Oleksandrivka, Pokrovka Raion, Dnipropetrovsk Oblast	Coop Learning Farm and Services Project	Yuriy Bakun	2012-2015
3.	UA0867HIUA00	Ternopil and Lviv oblasts	Strawberry Cooperatives Development Project	Andrii Halias  Yosyp Knyzhytskyi	2012-2015
4.	27-0857-11	Losiatyn Village, Kremenets Raion, Ternopil Oblast	Helping rural families improve animal breeding and potato growing in Kremenets raion, Ternopil	Yosyp Knyzhytskyi	2011-2017
5.	27-0860-11	Hlyboka Urban Village, Chernivtsi Oblast	Revival of individual rural households in Hlyboka Raion, Chernivtsi Oblast	Yosyp Knyzhytskyi	2011-2017
6.	27-0861-11	Lypivka Village, Rohatyn Raion, Ivano-Frankivsk Oblast	Helping the rural population in Rohatyn Raion, Ivano-Frankivsk Oblast produce organic potatoes	Yosyp Knyzhytskyi	2011-2017
7.	UA0872HIUA00	Ivankivtsi, Znamianka Raion, Kirovohrad Oblast; Novi Broskivtsi, Storozhyntsi Raion, Chernivtsi Oblast	Milk Value Chain project	Tetiana Nychyporenko	2014-2017

## ICF COMMUNITY WELLBEING Main Partners



Ministry of Agrarian Policy and Food of Ukraine  
Local authorities and local self-governments



Ecosystem Fund Danone



Danone-Ukraine



DanTrade



Canadian Department of  
Foreign Affairs, Trade and  
Development (DFATD)



SOCODEVI



Agricultural advisory service  
of Dnipropetrovsk Oblast



United States Agency for  
International Development (USAID)



United States Agency  
for International Development  
(USAID) | Проект АгроІнвест



National Association of Agricultural  
Advisory Services of Ukraine «Dorada»



Agricultural Service  
Cooperatives Union of Ukraine



Research Institute of  
Organic Agriculture (FiBL)



All-Ukrainian Association  
of Village Councils



Association of Farmers and  
Private Landowners of Ukraine



Union for Promotion  
of Rural Green Tourism  
Development in Ukraine



United Nations Development  
Programme (UNDP)



Food and Agriculture Organization  
of the United Nations (FAO)

## ICF COMMUNITY WELLBEING Key Staff as of July 1, 2015



**Viktor Teres**  
Chair of the Board



**Andriy Kuzmenko**  
VP of Finance



**Tetiana Nychyporenko**  
Program Director  
Monitoring & Evaluation  
Coordinator



**Oksana Vasylenko**  
Deputy Director of  
Operations/ Financial  
Administrator and HR



**Valerii Bondarchuk**  
GR& Legal  
Coordinator



**Olha Trubnikova**  
Trainer



## How You Can Help

Changes are not possible without you!  
Donate to provide hope, dignity and economic  
opportunity to Ukraine's rural families!

- We are dedicated to the belief that all people have the right to dignity and economic opportunity. You can join us in providing the tools and support that save and improve lives of smallholder producers in Ukraine.
- No matter how small, your contribution makes a difference. You can trust that your donation will be used wisely.
- Help rural families learn skills to start and sustain their own small businesses or improve their agricultural production to generate higher profits.
- Deliver emergency aid when a disaster strikes, especially in warfare areas of the Eastern Ukraine.

### Bank Details for Your Donations

Bank account for charitable donation in UAH  
(please, indicate æcharitable donationB):

**Account Name:** International Charitable Fund COMMUNITY WELLBEING

**Identification Code:** 21712644

**Account Number:** 26003001166513, BIC 300670

**Bank in Ukraine:** KHRESCHATYK BANK, Kyiv, Ukraine

## Bank account for charitable donations in Euro

Bank account for charitable donations in Euro (please, indicate “charitable donation”):

Account Name: INTERNATIONAL CHARITABLE FUND COMMUNITY WELLBEING

### RECEIVING BANK INFORMATION:

BENEFICIARY’S BANK SWIFT CODE:	KHRCUAUK
BENEFICIARY’S BANK NAME:	KHRESCHATYK BANK
BENEFICIARY’S BANK ADDRESS:	8-A Khreshchatyk st., Kyiv, 01001 Ukraine

### RECEIVING BENEFECIARY’S INFORMATION:

BENEFICIARY’S ACCOUNT NUMBER:	26003001166513
BENEFICIARY’S NAME:	INTERNATIONAL CHARITABLE FUND COMMUNITY WELLBEING
BENEFICIARY’S ADDRESS:	3-G Trutenko st., office 484, Kyiv, 03022 Ukraine

### CORRESPONDENT BANK INFORMATION:

(if the transfer is not done in the Beneficiary’s local currency)

Bank name	DEUTSCHE BANK AG
Bank address	Frankfurt/Main, Germany
Account name	“KHRESCHATYK BANK” UKRAINE
Account number	100-9477720 00/EUR
Bank Swift code	DEUTDEFF

## Bank account for charitable donations in USD

Bank account for charitable donations in USD (please, indicate “charitable donation”):

Account Name: INTERNATIONAL CHARITABLE FUND COMMUNITY WELLBEING

### RECEIVING BANK INFORMATION:

BENEFICIARY’S BANK SWIFT CODE:	KHRCUAUK
BENEFICIARY’S BANK NAME:	KHRESCHATYK BANK
BENEFICIARY’S BANK ADDRESS:	8-A Khreshchatyk st., Kyiv, 01001 Ukraine

### RECEIVING BENEFECIARY’S INFORMATION:

BENEFICIARY’S ACCOUNT NUMBER:	26003001166513
BENEFICIARY’S NAME:	INTERNATIONAL CHARITABLE FUND COMMUNITY WELLBEING
BENEFICIARY’S ADDRESS:	3-G Trutenko st., office 484, Kyiv, 03022 Ukraine

### CORRESPONDENT BANK INFORMATION

CORRESPONDENT BANK NAME:	Deutsche Bank Trust Company Americas
CORRESPONDENT BANK SWIFT CODE:	BKTRUS33
CORRESPONDENT BANK ADDRESS:	New York, USA



## **Contact Information**

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