



**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Annual Workplan Summary – Year Four**

**October 1, 2010 – September 30, 2011**

**Contract no.:** EDH-I-00-05-00004-00/09  
**USAID Agribusiness Project**

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# USAID Serbia Agribusiness Project

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# USAID Serbia Agribusiness Project

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## **I. WORKPLAN INTRODUCTION & SUMMARY:**

Development Alternatives, Inc. (DAI) is pleased to present this Annual Workplan for Year Four of the USAID Serbia Agribusiness Project, covering the period from October 1, 2010 to September 30, 2011. This Workplan presents details regarding the tasks and activities that the Project will undertake during this period, and it presents the expected impact of Project assistance on client companies and organizations. This document is a summary Workplan, which is supported by a series of Annexes which have been prepared to provide the USAID Mission to Serbia with additional detail on the activities to be undertaken in each of the six commodity sub-sectors, as well as activities that will be undertaken as part of the cross-cutting and overarching program functions.

### **Executive Summary:**

The Agribusiness Project's Year Four Workplan flows naturally from work carried out in Year Three. That flow can be characterized as moving from a program transition phase (shifting to local service providers) to a transformational phase for the agriculture sector. The objectives of this transformational thrust are to ensure that the six project sub-sectors become more competitive, continue to grow, and add employment, and that these changes become sustainable. This transformational development will leave each sub-sector, and thus the broader agricultural sector, stronger and able to continue growing without further assistance.

Year Three was used to continue validating program directions, and to generate robust Project momentum. Year Four will be used to integrate Project assistance activities into the fabric of the Serbian agricultural and agribusiness sectors. Work on that integration will begin in Year Four and will continue through Project completion at the end of Year Five. The results of this two-year Project orientation will be to ensure that the Agribusiness Project is transformational, that it can clearly demonstrate its transformational impact, and that it is able to measure and credibly report on this.



*Figure 1 The US Ambassador to Serbia, and the Deputy Minister of Agriculture, meet with the owner of Kuc Dairy on a visit to Kragujevac in August 2010.*

The Project achieved success in Year Three based largely on reaching the intended transition from heavy involvement in program implementation, to serving as the catalyst for other entities to organize and carry out project activities. Project staff emphasized mentoring during this transition, and they will continue to maintain advisory roles through the remaining life of the Project. In essence, the Project through year three has developed, identified, and/or trained local entities and service providers to provide the services that formerly could be found mainly through Project initiatives. That the Project can now step back from much of the hands-on work, and serve the sectors more in advisory and consulting roles, is a significant measure of Project success through the first three years. It also positions the Project well in its pursuit of the transformational impact it seeks to have within the sub-sectors, and in with the agribusiness industry in Serbia.

Prior to drafting the Workplan for Year Four, Project management revisited the basic sub-sector technical guides, the Commodity Action Plans (CAPs). As a result of this review, the CAPs were deemed to remain essentially appropriate. However, some directional changes have been made in the Dairy and Mushroom/Herb sector CAPs, and important conceptual changes have been made to the Livestock CAP (with a shift in focus to processors). Thus, our basic program guides now are updated, and will continue to give program direction through the remaining life of the Project.

Some residual problems that surfaced in year three are expected to continue into Year Four. These are mainly related to the global financial crisis, and the resulting lack of available and reasonable financing for Project clients. The Project can address funding issues only minimally, and has attempted to liaise with funding sources to find relief. These attempts have not produced viable solutions so far. Despite this issue, the Serbian agricultural sector remains an island of stability in a sea of economic uncertainty. The sector represents about 10% of Serbia's national GDP, but it remains one of the highest employment generators, and it continues to create national wealth through exports. No other sector compares to agriculture & food processing.

A serious additional problem is the long-awaited approval of the Project's budget modification request. Pending final approval of the budget modification the Project has been operating at some risk, since the final level of program funding and its timing remain unknown. The immediate repercussions include partial implementation of the Nis office, questions on the employment status for key Project staff, a hold on some grant program solicitations, and near-term uncertainties among key managers in the Project.

Trade liberalization, and the resultant opening of the Serbian market for imports, represents something of a double edged sword for agribusiness firms. These changes have liberalized international trade, but they have also opened Serbia to imports. This has had a negative impact on the domestic agricultural sector, mainly through increased competition. Of the six sub-sectors that the Project focuses on, vegetables has been the most affected by this. Consequently, the Project's study on the impact of trade liberalization, which will be completed in Year Four, has gained importance, and is very timely.



*Figure 2 President Tadic speaking to the participants at the Agribusiness Project conference on reform of the European Union's Common Agricultural Policy.*

Notable developments on a sector by sector basis would include the following:

- The Dairy sector has made remarkable strides towards the important end goal of transformation with the development of a locally implemented and supported dairy farmer training program in the Kragujevac area. This sub-sector has increased in relevance dramatically.
- The Project will re-focus efforts in the Livestock sector, via a shift to an emphasis on the processing end of the business, and less emphasis on expanding the beef herd size.
- Activities in the Mushroom & Herb sector will shift to an emphasis on the latter. This strategy recognizes that the growth potential now resides with a high value export herb component, rather than with mushrooms. This sub-sector remains critical for rural employment.
- Tree Fruits will produce technology breakthroughs in Year Four, including the adoption of the American "Smart Fresh" technology, which will assist Serbia to compete with Poland and others in the apple market. It is gratifying to note that Serbia shows signs of meeting, and perhaps defeating, much of the competition for the Russian market that emerged in recent years. The Project will continue to recognize the primacy of the Russian market, especially for apples.
- Two years of weather-related problems suggest that the Project's berry sub-sector strategy remains on the correct course. The high-tunnel and anti-hail emphasis in the sector are appropriately placed, and will serve sector clients well. Mindsets are being changed in this area, and this suggests another sectoral transformational impact.
- The vegetable sector has been seriously affected by trade liberalization, and by the adverse weather conditions in 2010. The future Project strategy must be to offset, or mitigate, the

## USAID Serbia Agribusiness Project

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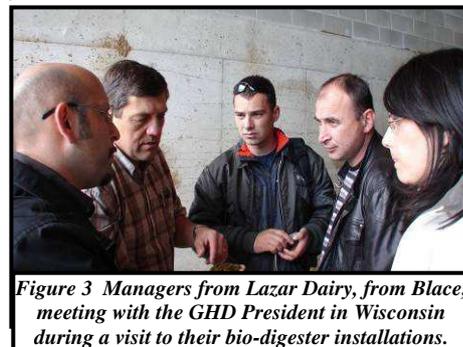
impact of these effects. To achieve this, the Project will emphasize closed production (either greenhouses or high-tunnels), import substitution, increased local marketing, and the retention of traditional markets by improving product quality and lowering costs.

All of the Sector Leads and Cross-Cutting Advisors are oriented to, and prepared for, an impending agriculture sector reality: EU accession. All agricultural roads must lead to integration, and an awareness of this is prevalent in Serbia, and among project clients. This is reflected in concern regarding EU restrictions, the applications for and interest in standards grants, and recognition that incorporating standards are concrete steps toward integration. The Project will respond to this reality directly by providing guidance in safe pesticide use, and by enhancing the capacities of Serbian laboratories to test all products, particularly those destined for export. A component of this will be training for clients and ABDS firms on how to access EU IPARD (Instruments of Pre-accession Assistance for Rural Development) funding. The ability to program, implement, and manage these funds will be fundamental to Serbia's achieving accession in a timely manner.

Year Four will witness a continuation of the Project strategy to operate more fully, and to expand Project operations, in the south of Serbia. In so doing we will strive to better utilize the guidance available from the USAID regional field offices, and to fully coordinate with other donor programs active in the south of Serbia. However, in this process we will not lose sight of the importance of Vojvodina, and will ensure that Project services reach clients in that region as well. The Project retains national responsibility, and will operate accordingly.

An increasing awareness among Project clients of the value of associating to achieve common goals and purposes is an encouraging sign. The Project's association grant solicitation has received a good response and this indicates that there is a growing awareness of the need to create associations and cooperatives that operate on a business, rather than political, basis. There is also a new willingness on the part of client firms to band together to achieve common goals, as opposed to creating an organization to control and direct the members. The Project, through the association grant program, will advance this agenda significantly in Year Four.

Environmental and gender issues have also gained significant importance, have received additional attention over the course of Year Three, and will continue to be an emphasis in Year Four. Environmental issues are very important for Serbia's prospects for EU integration, and it is of increasing concern to the Ministry of Agriculture. As is seen in the picture on this page, the Project is assisting dairy farmers to deal with the animal waste problem, by using a new American bio-digester technology. Attention to gender issues is reflected in the recently launched women's entrepreneurship grant program which will place greater emphasis, and have more impact, on the issue of women in agribusiness.



The Marketing & Sales component will continue to adopt new approaches over the course of Year Four, and this will continue into Year Five. A focus on inward buyer missions will increase, and methods to attract foreign buyers, and to provide support for their contacts with Project client firms, will be formulated and implemented. Design and packaging have also emerged as important areas that client firms can use to stimulate sales and expand exports, and this program will be continued. International fairs and trade shows continue to produce high returns for Project investments, and these will continue as well. Our Year Three transition, and the Year Four transformation, will require that we find innovative, and lower-cost, methods to continue support for these activities.

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The Project is pleased to report that our performance in increasing media coverage, and getting coverage in higher quality media outlets, has resulted in increased exposure for the USAID program in Serbia. Over the course of Year Four, and continuing into Year Five, the Project will continue to increase the Project's, and the USAID Mission's, visibility via press coverage of project activities and events, and the implementation of special events designed for national press coverage. The Project will also continue to develop good working relations with responsible and respected media outlets that are willing and able to provide good press coverage for the Project.

Some final notes on project strategy as we move toward completion in Years Four and Five:

- With good management the Project is succeeding in doing more with less. Costs are being reduced and the Project is steadily expanding its base of local service providers through competitive bidding and the grant programs. The Project will continue this process as an important part of the transformational process. A surprisingly high number of grants have been made to associations, indicating that activities of real substance now are within the competence of these organizations. This is a significant indicator of transformational progress.
- In general, as the Project gains sophistication and experience the emphasis will shift more to value added activities. This will increase incomes for producers and processors alike, and stimulate exports by offering a broader range of products. The upcoming Culinaria Food Show, with an emphasis on niche products and fine foods, is an important step in this direction.
- As the Project unfolds, staff are taking stock of what has been done, what has been learned in the process, and what could be accomplished if the Project were to continue over a longer time frame. In due course USAID Serbia will be provided with ideas and concepts regarding additional activities that are possible and advisable, given the state of Serbia's agricultural and agribusiness development status. It is expected that at the end of Project Year Five there will be a well established basis for continued Project assistance.

## **II. COMPONENT 1: Increased Agribusiness Efficiency & Competitiveness**

### **1.0: Sub-Sector Commodity Action Plans:**

The Agribusiness Project will continue to focus its technical assistance efforts on those sectors chosen during the first year of the Project. The Year Three plan proposed the addition of a seventh sector – grapes – but this idea has been abandoned. The Project has opened a new field office in Nis, and one administrative staff person is now based there. The hiring of an agricultural engineer, who can further extend the reach of the Project in the south, is pending the approval of a budget modification for the Project. The following sections will provide brief descriptions of the activities and events planned for each of the six current sub-sectors which are the focus of the Project.

#### **1.0.1 Berry Fruits:**

Based on the Berry Fruit Sub-Sector Value Chain Assessment (VCA) and Commodity Action Plan (CAP) completed during the year one, Project support for the development of the berry sub-sector was designed to focus on increasing the value added to Serbian berry products, increase the exports of fresh berries, and support the development of new berry crops that would complement existing crops. The main elements of the program were designed to support the development of integrated value chain operations, and the development of export market linkages. Tailored assistance for the establishment, and/or development, of industry associations that could take over and continue the provision of services the Project currently provides to producers was also included among the activities planned for the sector. The introduction of international market-driven, and/or market-

specific standards, such as GlobalGAP, BRC, or IFS, and marketing assistance, were other important elements of the berry sector activities.

Despite the negative impact of the global financial crisis, the overall demand for berry fruits has not changed significantly over the past year. The basic strategy developed by the Project for the berry sector has remained valid, and the main goals of Project assistance remain the same: to increase the overall competitiveness of the Serbian industry, and to initiate rapid and broad-based growth of the cultivated berry fruit sub-sector. As the Project moves into Year Four the basic approach for the sector will remain much the same, and the focus will continue to be on shifting from processed to fresh products. Besides new berry crops, such as cranberries and/or yellow/black raspberries, a special emphasis will also be placed on strawberries, as the opportunities identified in Russia and central-eastern Europe for Serbian berries have grown. Hargreaves is a key supplier of improved berry varieties that can be used for the fresh market.



Project support to a large group of producer organizations, cooperatives, and private companies dealing with berry fruits has expanded over the course of Year Three to address different aspects of their operations. These include production, post-harvest handling, fruit processing, general management, marketing, and promotion. Through a combination of technical assistance, which included advisory and training assistance both from expat and local consultants, the production of technical manuals, the and organization of study tours and/or exhibitions at trade fairs, the Project has enabled berry fruit clients to continue to move towards the fresh market. In doing so, they have learned about, and started to apply, new production technologies, extended their production season, and established links with potential foreign buyers. Project grants for the Berry Sector approved in Year Three targeted marketing and international standards assistance.

In Year Three the Project also assisted ABDS providers to develop local expertise to deal with, and provide assistance for, new products and/or berry crops, and new production technologies. With Project assistance the latest post-harvest technologies, such as Ozone generators, have also been presented to the Serbian berry industry, and negotiations for the implementation of this technology in Serbia have begun. During implementation of all these activities the Project cooperated with, and worked through, the sub-sector leverage points identified in the CAP, or through leverage points established by the Project. These included national, regional, and/or commodity-based associations (Fruits of Serbia, Serbia Cold-Stores Association, Sabac Strawberry Growers Association, National Association Serbian Blueberry), and local ABDS providers (Arijlje Agricultural Innovation Center, Voce Inzenjering, Cacak Fruit Research Institute, etc).

Over the course of Year Four the Project will continue assistance to develop production capacities of berry fruit intended for the international fresh market, through technical/advisory assistance to ensure an extended season and uninterrupted harvest by the application of tunnels, as well as through the development of clients' post-harvest and cold-chain operations. In-kind grants to enable the application of new technologies will be used to complement technical assistance, and to alleviate the financial difficulties for pioneers in advancing the sector from one stage to another.

The Project will be equally focused on market access, and assistance will be aimed at achieving regular supply contracts for fresh produce in targeted export markets. This will be done through opportunity markets research (EU, Russia), trade mission(s), and training. Through marketing & promotion grants, assistance for the implementation of international standards, and targeted trade-fair attendance, the Project will continue its assistance to producers of value-added products to introduce new and improve existing products, access new markets and to increase exports.

### 1.0.2 Dairy Products:

The Value Chain Assessment, and the Commodity Action Plan (CAP), for the Dairy Sector highlighted the gaps between sector growth and the limitations from the policy side. There is still room to improve communication between Serbian dairies and the Ministry of Agriculture in shaping a long term operational strategy that will improve the prospects for dairy processors and farmers.



Dr. Steve Goss, who was hired by the EU to analyse the current state of the Serbian dairy sector, has reconfirmed the USAID Agribusiness Project Strategic for the dairy industry. Over the course of Year Four, and into Year Five, the Project will continue to focus on those areas that will achieve the greatest impact, and serve to modernize the Serbian dairy industry.

At the milk production level, the Project will work with the Ministry of Agriculture, the Municipality of Kragujevac, Kuc & Mladost dairies, and Taurus Consulting, to implement a dairy farmer training program in the Sumadia region. This program will be an innovative approach to supporting dairy farmers, and it will build on the technical assistance activities

that the Project undertook in Year Two with a grant to Taurus Consulting. The goal will be to assist the dairy farmers in the area to adopt more modern farming techniques, to become more productive, and to produce the higher quality raw milk that is demanded by the dairy processors. The Project will carefully monitor and evaluate progress with this activity over the course of Year Four.

The Project will continue to work directly with the small and medium scale dairy processors in Serbia to assist them to improve their products and to remain competitive in local and regional markets. One example of this is Project assistance to assist selected dairies to secure „Protected Geographic Designation“ for selected dairy products, which can give them a competitive advantage in the local, and international, market. The Project will also continue to assist dairies with improvements to their marketing and packaging, as was the case with the Nis and Kuc dairies. The image on the previous page shows the packaging design for a new milk product „Robi“ which Nis Dairy has launched as a product specifically designed for young children.

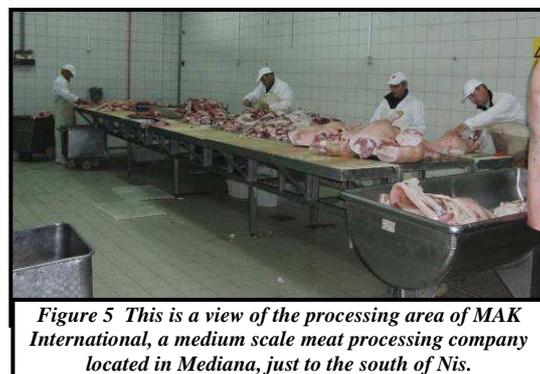
The Dairy program has also become very involved with environmental activities, via assistance to Lazar Dairy, and other dairy processors, to adopt modern bio-digester technology to convert cow manure into methane gas. Representatives from Lazar traveled to Wisconsin in March 2010, where they visited six digesters designed and built by GHD, Inc. These digesters use an innovative new design which costs much less to build than European digesters, and which is much more efficient in processing the waste material and converting it to methane. The Project is optimistic that Lazar, and perhaps other dairies, will begin construction on a digester before the end of 2010. This will be

a significant „success“ for the Project, as it combines the elements of new technology, improved productivity, and environmental control into one Project assistance activity. Efforts will continue over the course of Year Four to promote the use of the GHD digester technology among dairy and meat processing firms.

The Agribusiness Project is also seeking to create a national dairy processor’s association that can effectively represent the industry and address common issues facing the processors. Initial meetings, with key processing firms participating, took place during Year Three and these will continue over the course of Year Four. One additional step that might be taken in Year Four would be to have some of the dairy managers from Serbia visit the Dairy Processor’s Association in Romania, which could serve as a good model for the development of a similar organization here.

### 1.0.3 Livestock/Meat:

The Value Chain Assessment and the Commodity Action Plan for the livestock sector determined that the main opportunity for Project assistance was with “Baby Beef” production and exports. This was based on the existence of an unmet market quota for 8,700 tons of meat for the EU. Based on these documents, Project assistance during the first two and a half years has focused on support for animal production, in an effort to increase the number and weight of beef cows available for slaughter. During the early part of year three a number of reviews of the livestock sector strategy were undertaken and serious challenges for the livestock strategy were identified. These included the uncertain size of the EU market for Baby Beef, the declining beef herd in Serbia, significant loss of animals through informal cross-border trade, and slaughterhouse cash flow problems due to delayed payments from customers. Because of these challenges to Baby Beef, the Project has decided to re-focus, and limit, the activities undertaken in the Livestock/Meat sector for Year Four.



For Year Four Project activities in the Livestock/Meat sector will shift to the processing level in an effort to improve the competitiveness of local meat processors and to assist them to expand their markets internally and externally. The Livestock VCA, and the CAP, had identified the meat processing industry as a good potential target for Project interventions, but this was overlooked in subsequent annual workplans as the Project focused on Baby Beef. The Livestock CAP stated that the Project “should not ignore the domestic & ex-Yugoslav meat market, which accounts for 98% of the sales for the meat industry.” The VCA also proposed that the Project seek to “increase domestic meat sales by 25,000 Tons, or \$110M/year, by 2012.”

With this shift in strategy, the Project will focus on small to medium scale meat processors and seek to develop a core group of firms that can become key Project partners. The Project will develop close working relationships with these firms and seek to identify those firms that can become models for others. The Project will support these firms in their efforts to grow their markets, both internally and externally. The assistance will focus on processed meat products, based on both beef and pork, with a particular emphasis on those products that are seen as uniquely and traditionally Serbian. The Project will undertake a variety of technical assistance activities for these companies, with an emphasis on the use of local service providers as much as possible. The Project will also work with the key firms in the sector to support the creation of a new Serbian Meat Processor’s Association that can effectively represent the industry to the Serbian government.

The Project will use technical training sessions, held in Novi Sad, Cacak and Nis, to bring together the key meat processing firms and to provide them with information on new products and technologies that can assist them with their business. The Project will bring in an American meat processing consultant for these meetings, and following the meetings the consultant will also conduct one-on-one assignments at those meat processors who are interested in more in-depth assistance from the Project. The American consultant will be paired with a Serbian meat processing specialist, to transfer skills and capabilities. These meetings will also be used to promote the idea of a national meat processing association, to generate the support of the more influential members of the business for this idea. As a follow-on to these meetings the Project will support travel to Sofia or Bucharest for a small group of meat processors to visit with the meat associations that were established in those countries with assistance from USAID projects. Such a visit would provide the Serbian companies with a good model for the development of an association, and good ideas for the eventual purpose and objectives of the association.

In addition to the direct TA the Project will continue to promote appropriate grant programs to the meat processing firms. These would include the International Standards grants (a number of meat companies have applied for the second round of IS grants), and the Marketing & Packaging grant program. The Project will also support the participation of select meat processing companies at regional food trade fairs (ie in Macedonia, Albania, Bosnia, Croatia, etc), and the Project will support inward buyer Missions should that be appropriate. Another possible grant could be to a service provider that would provide technical assistance to the livestock farmer suppliers for a group of meat processing firms, similar to what was done with dairy farmers in Year Two.

### 1.0.4 Herbs & Mushrooms:

Based on the Value Chain Assessment (VCA) and the Commodity Action Plan (CAP) completed for the Herbs and Mushroom Sub-Sector during the first year of the Project, initial support for this sub-sector focused on wild mushrooms, and the strategy of a “gradual shift in volume from bulk to retail”. The initial strategy has proven to be valid, and it will continue to be a guiding principle for the wild mushroom sector for the remainder of the Project. As a result of Project assistance it is estimated that approximately 15% of the wild mushrooms previously sold as bulk are now delivered to the retail market. Although there is still a room for a further shift from bulk to retail (35% is the target), there are limits to how much more can be shifted. The main limiting factors are: some wild mushroom companies are not willing to compete with their current customers (importers of bulk, who then pack for the retail markets in their home countries), and there are limited quantities of wild mushrooms available for export because of the quota system, and weather conditions.



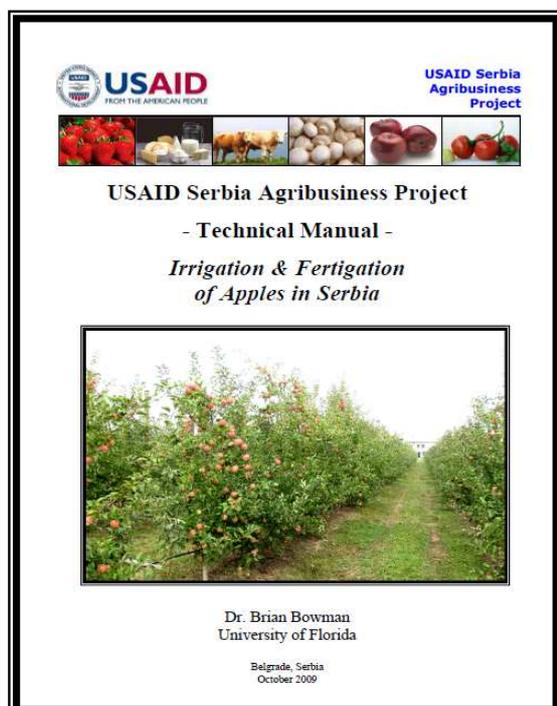
Therefore, the Agribusiness Project will re-focus its efforts in this sector to the herb value chain. The main reason for paying more attention to the herb sector are: Its potential for the export of final products in the regional market, The potential for the export of semi-processed products to the EU, an excellent collector and processor base, and future opportunities for cultivated herbs. Implementation of this new approach began during Year Three, and this new approach has already delivered significant results. These results came from the herb stakeholder’s sales mission to Vienna, the Nis Tea Festival, enhancing exports through international fairs, and most importantly, establishing the National Association of Medicinal and Aromatic Plants Processors and Exporters “Serbian Flora”, which was one of the main goals established in the Year Three Workplan.

The new herb strategy, which is to “increase the export of any type of herb product, including semi-processed products”, will be the guiding principle for the sector for Years Four & Five. Therefore, marketing and promotional activities, the introduction of new international standards, product development support, the adoption of new technologies, and market access activities will be the primary assistance the Project will provide for the herb processing industry. While assistance will be provided to individual firms, the most important activity in this sector will be assistance for the newly formed associations to carry on overall sector related activities. Broad sector related activities like addressing policy issues, trade missions, study tours, international and local fairs, international promotion campaigns, target market research, publications, and training seminars will be undertaken through the sector associations. The image on the previous page shows an example of the new packaging for Macval Teas, developed by the company with Project assistance.

The sector associations which will be the focus of Project assistance are: the herb processors and exporters association “Serbian Flora”, the wild mushroom association “Forest Fruits of Serbia”, and the herb collectors and growers association “Dr. Jovan Tucatov”. The guiding principal for Project assistance in the Herb & Mushroom sector for Year Four will be to allow the national level producer organizations take on the responsibility for addressing the sector, and/or individual business, needs. The ultimate goal of the assistance is to make these industry associations active, dynamic, and sustainable, and to be effective partners for the Agribusiness Project. These organizations should be ready and able to carry on the support activities for these sectors (Herbs & Mushrooms) once the Agribusiness Project ends. Special attention will be given to the association “Dr. Jovan Tucatov”, which will be responsible for addressing the needs of growers, collectors and small scale processors, from the South-Eastern regions of Serbia.

### 1.0.5 Tree Fruit:

During the year 2009 season so far Serbia has exported 39,957 tons of fresh apples, with a market value of \$15M, which represents slight increase from the figure for 2008. Investments in



commercial apple cultivation are continuing and this, together with new orchards that were established three years ago which are now coming into full production, gives reason to believe that the predictions for the production, and possible exports, of fresh apples from Serbia will grow to 100,000 tons for the 2011 season.

Despite the growth in production and exports, apples from Serbia continue to confront stiff competition from apples from Poland, Chile and Argentina, especially regarding prices. As a result, the activities of the Agribusiness Project within the Tree Fruit Sector have focused on assisting cooperatives and exporters of fresh apples to lower their production costs by providing assistance in production, post harvest, and storage technologies. The Project has been also been supporting the introduction of SmartFresh a new, for Serbia, American technology that is aimed at maintaining the quality of fresh apples in long-term storage, therefore prolonging their marketing period.

Year Four activities for the Tree Fruit Sector will be aimed at preparing apple industry stakeholders for the introduction and application of the SmartFresh technology, and a continuation of the training program to reduce postharvest losses. These activities will be supported with a study tour to Poland or Italy, which will be targeted at improving the organizational capacities of cooperatives as well as introducing domestic producers to the impact and challenges of EU accession. In addition to the focus on apples, and based on the opportunities for exporting fresh and processed stone fruit, the Project will also focus on improving the quality of plums for export and processing (drying), diversifying the range of dried fruit products, and addressing the increased interest in sweet cherry production. As part of the Project strategy for Southern Serbia, some activities will be targeted at improving the quality of sour cherries, which are exported as frozen products to the EU market. The image on the previous page shows the cover of the Irrigation & Fertigation of Apples in Serbia manual which was prepared by Project consultants, and made available to Tree Fruit sector clients.

During Year Four, it is expected that 14 companies and cooperatives from the Tree Fruit Sector will receive Project support, via the grant program, for the introduction of international standards. These stakeholders, mostly processors who are responding to the demands of EU customers, or domestic supermarket chains, will be assisted throughout the process of introducing these standards. The Project will also work with the existing associations, Fruitland and Fruits of Serbia, and provide them with assistance in implementing activities that will be supported through the Grants Program for Agribusiness Associations. The Agribusiness Project will also provide some support to the newly emerging Association of Prune Producers as well.

Over the course of Year Three, three companies and one cooperative completed their marketing activities which were supported by the marketing & packaging grant program for Serbian agribusinesses. This type of support will continue during Year Four, with assistance to industry associations to exhibit at international fairs, or by assisting individual companies through the next round of the marketing & packaging grant program. In addition to dealing with exporting companies through their associations, the companies themselves will be assisted in improving production quality of their suppliers. The most important issues to be addressed in this aspect will be responding to the demands of the Russian market for fresh fruit, and improving the quality of sour cherries available for the frozen fruit market.

### 1.0.6 Vegetables:

During Year Three the Agribusiness Project continued to implement the strategy for the vegetable sector as it was outlined in the Commodity Action Plan (CAP). The focus is still on root crops, and vegetables from closed-environment production, while processors are being supported through various activities which will increase their competitiveness, and mitigate the effects of import liberalization, which are dramatic. The result of liberalization is a struggle for the local, so-called traditional market, which is now flooded with imported products with lower prices and better quality. The so-called “chance to export Serbian products to the EU market” also gave an opportunity to EU producers to expand into Serbia.

As part of the activities to facilitate access, and make IPA Funds more easily comprehensible to the clients of the Vegetable Sector, two groups of clients will, in addition to specialized technical training, have an opportunity to meet producers from Croatia learn from their experience relative to EU accession.



This will serve to provide the Serbian firms with a good understanding of the most common mistakes and challenges that they are likely to face. The first group will be comprised of ABDS service providers who give assistance and logistical support to a wide range of clients. The second group will be comprised of vegetable sector clients who are capable of independently preparing the documentation, and completing the projects on their own. The training sessions for the service providers will be held in Nis and Novi Sad. The training sessions for the producers, considering their greater number, will be held in: Belgrade, Subotica, Nis, and Cacak. The training sessions will be complemented by presentations from banks interested in supporting producer projects based on the refund principle, which is, using bank loan financing for project start-up activities.

Offering assistance related to this subject will also be continued in the Year Four, since the process of liberalization has forced producers to make additional efforts to improve the quality of their products to become more competitive with imported products. Assistance will be provided in two stages: through STTA support, which will assist clients in the process of improving their preservation technology, and with clients who are developing new storage facilities. Improving the preservation and storage capabilities of these companies is one of the priority problems in the IPARD study of the vegetable sector. This activity actually will focus on support for root crop vegetable production, which is defined as a key part of the CAP for the Vegetable Sector.

Developing substitutes for imports, and increasing production for the local market, are the main goals of this activity within the Vegetable Sector. Assistance will be provided to local agronomists specialized in this type of production. The general lack of scientific knowledge and support for this sub-sector being offered by local institutions will be addressed by training sessions and knowledge transfer provided by STTA consultants. Project assistance will be specifically oriented to high tunnels (6m), and glasshouse producers, since these two types of production are compatible.

The Vegetable Sector will prepare a report with an analysis of the situation, and recommendations for, the vegetable sector in the Timok Region. This region includes the municipalities of: Boljevac, Kladovo, Knjazevac, Majdapek, Sokobanja, Bor, Zajecar, Negotin, and Golubac. This assignment will be conducted with assistance from GTZ, LEDIB, RARIS, and the USAID office in Nis. The final version of the study will be professionally printed, and a public presentation of the findings and recommendations will take place in Zajecar late in the first quarter of Year Four.

### **1.1 Strengthen Producer Organizations:**

During Year Four the Producer Organization component of the Project will continue to focus on two main tracks: supporting the sub-sectors through creating and strengthening industry based associations, and strengthening the management capabilities of agricultural cooperatives. The support for associations will be undertaken mainly through the Association Grant program, which will be augmented with focused TA and training activities for the association grantees. The cooperative development component will be mainly conducted in association with the Ministry of Agriculture, through a continuation of the cooperative managers training program begun in Year Three. This program will focus on those cooperatives that are seen as the best examples of cooperative organizations, which can be models for other group organizations.

In Year Three, the adoption of the long-awaited new Law on Associations has been a major driving force for the development of not-for-profit associations, and other membership organizations, in Serbia. With this new law, associations can now be established by groups of companies, allowing agribusinesses to form professional organizations to represent their common interests. The membership and governing bodies of these associations are better regulated, and associations are

now able to acquire property and assets through economic, business, and other commercial activities. To support the emerging agribusiness sector oriented associations, the Project launched a grant scheme specifically designed for associations. Up to ten agribusiness associations will receive financial support during Year Four to implement a range of activities. These associations, mostly made up of export oriented processors and producers, will also be assisted by Project staff to implement the activities funded by the grant program.

In addition to the grant funding, and to assure that targeted associations are strong enough to sustain themselves, capacity building support will be provided to these organizations. The Project will help them to define and prepare long term development strategies, action plans, and annual operational budgets. This will be done using local consultants who will work with each organization using a one-on-one approach. If the local consultants need improved development or consulting skills, a special training-of-trainers program will be organized by the Project. The Project will also bring in an expat consultant who can help targeted associations learn how to successfully operate and manage professional membership organizations. The Producer Organization specialist will work closely with the Sector Leads to assist client associations, such as “Serbian Blueberry”, “Serbian Flora”, “Fruit Land”, “Fruits of Serbia”, “Serbian Prune Producers Association”, “Serbia Organica”, and others. The Producer Organization Specialist will devote particular attention to Serbia Organica, as an association that is not tied to one of the Project Sub-Sectors. Through this association, the Project will provide assistance to selected sub-sector clients to integrate organic production and food processing into their product portfolio, and their marketing campaigns.

Cross cutting work with cooperatives will also continue during Year Four. As a follow up to the Business Training Program for cooperative managers, which was successfully implemented in partnership with the Ministry of Agriculture, a study tour to Northern Italy will be organized to visit Italian cooperatives, and their federations. The Business Training Program will also be expanded to the south and east of Serbia, to provide assistance to additional sub-sector cooperatives. A specific Marketing Training Program will also be developed for cooperatives that add value to agricultural commodities purchased from members, and which is then marketed on a cooperative basis. Special attention will be placed on export oriented tree fruit, berry fruit, and vegetable cooperatives with this program. In addition, those cooperatives will receive assistance to apply for the Project’s marketing grants, to improve their packaging and promotional materials.

Over the course of Year Four, the Producer Organization component will continue its focus on tree fruit cooperatives as the most advanced, and export oriented, Producer Organizations. The Tree Fruit Sector Lead will be assisted to facilitate the introduction, and application of, the SmartFresh post-harvest technology which is used to maintain the quality of fresh apples in storage. In order to prepare cooperatives which own cold storage facilities to use this new technology, training seminars and workshops will be organized to educate them on the most efficient & effective post harvest treatments. These activities will be supported with a study tour to Poland or Italy where Serbian apple cooperatives can observe, and learn from, cooperatives that use the best practices. They will also see the benefits of using SmartFresh, learn more about their competition, make linkages with foreign counterparts, and understand the impact and challenges of pre-accession to the EU.



### **1.2 Improve ABDS Service Delivery:**

To compete in their markets, input suppliers, farmers, and processing firms along each value chain need consistent, and high quality, services from local AgriBusiness Development Service providers. These services will serve to upgrade management skills, increase yield and productivity, lower costs, and improve the financial performance and bankability. The Agribusiness Project will focus on creating a network of market driven local AgriBusiness Development Service (ABDS) providers which can assist farmers & agribusinesses to develop more rapidly over the long term.

Project activities to build the network of market-driven ABDS providers for Serbian businesses will include the development of generic, and value chain specific, ABDS service providers. The Project will use the services provided by these organizations by actively engaging them in the implementation of specific assignments. The Project will also focus on capacity building of ABDS providers, in order to improve knowledge base of local provides, and to insure that the know-how of local experts remain in Serbia. In such way the Project will ensure sustainable development of the service provider network, which will boost the growth of agriculturally related companies.

In Year Two the Project first partnered with Lagermax (consolidator company), and assistance has continued over the course of Year Three. The Project has assisted them to organize a national program of consolidation services to provide Serbian companies with opportunities to deliver LTL shipments at competitive rates. During the first year the service was available the Project managed to achieve the goals for this activity set for Year Three - new revenues for the service provider of more than \$300,000, and exported goods in the LTL regime with a total value exceeding \$1.6M. The Project will continue to further develop and refine the consolidation service and broaden the network of logistics companies used.

In Year Three the Project also began work on providing Safe Pesticide Use (SPU) training and capacity building. The objective of this task is to raise the quantity and quality of technical services provided to pesticide users in Serbia. The Project approach will be to provide technical assistance to the MAFWM, to strengthen their technical capacities and helping to establish a critical mass of resources for the SPU program. Responsibility for the successful implementation of this program now rests with the Ministry of Agriculture.



Early in Year Three the Project began to work on the development and implementation of the Culinaria Food show for Serbia. By the end of the third quarter good progress had been made, and the expectation is that the show will be a good success, and that the 2010 show will lay the foundation for Culinaria to become an important, and well regarded, food show for the entire Balkan region. Following the success of the first Culinaria show (in late September, 2010) the Project will continue to provide support to the implementers of the show over the course of Year Four, and into Year Five as well. The Project would like to grow Culinaria in the coming years so that at least 300 companies from Serbia exhibit, and

that companies from other parts of the former Yugoslavia participate as well. The Project will work with local service providers and associations to promote the show, and visits will be made to all the major food trade shows in the region to promote the Culinaria show.

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In addition to the work on supporting ABDS providers, the consolidation service, and the Culinaria food show, the ABDS/Finance component will provide assistance to establish new testing laboratories in Serbia, and it will continue to organize management training services for Agribusiness Project client companies. To follow up on the successful management training program implemented in May 2010, the Project will provide additional business skill training for both companies and service providers. The Year Four management training program will also include training in the area of negotiation skills, which is a new skill area for Serbian managers.

Agribusinesses in Serbia face significant difficulties in accessing credit for either working capital or investment, despite the fact that the agricultural sector represents a large and attractive market for lenders. To facilitate the access to credit on the part of agribusinesses, the Project will disseminate information credit and/or loan packages available for agribusinesses (Ministry of Agriculture, SIEPA, Development funds, Republican Agency for SME development and other donors), and advise individual clients on the preparation of applications for bank loans and guaranties.

### **1.3 Marketing & Sales Assistance:**

The overall goal of the Agribusiness Project is to increase the value of Serbian agricultural product sales, and to boost employment in the agricultural sector. Sales results at the end of the third quarter of Year Three are \$52.1M in delivered sales, compared with the Life of Project sales indicator of \$72M. The sales results are significantly ahead of the Project goal for Year Three, and they are exceptional results, considering the ongoing global financial crisis. To date, the Project has focused on two factors critical to improving market access for Serbian agribusinesses.

- First, the Project has assisted producers and processors gain a better understanding of product and delivery requirements, and the price competition in both domestic and international markets. This understanding has been provided through training in sales, marketing, and negotiation skills, and by giving Project clients greater exposure to buyers through buyer visits, international fairs, and the Internet. The Project approach does not differentiate between domestic and international markets, since there is no safe home market for producers who cannot meet international quality, cost, capacity, and service standards.
- Second, the Project has collaborated with the public sector marketing support infrastructure for Serbian agriculture and agribusinesses. Prior assistance from USAID projects for the Serbian Investment and Export Promotion Agency (SIEPA), and the Ministry of Agriculture, Forestry & Water Management (MAFWM), has shown that Serbian government marketing and promotion programs can be an important catalyst for new exporters, and small companies can gain access to new export markets. This support is critical for Serbia, because many producers lack the skills, knowledge, and funds to get started on their own.

The Project will continue to work, when and where possible, with the Ministry of Agriculture and SIEPA, but the focus of the export activities of the Project will be on supporting industry associations, cooperatives, and private companies that can step in to replace Project assistance activities and the public support for these export promotion activities.



*Figure 8 The Serbian delegation that went to the MIHAS trade fair posing in front of the Serbia booth at the fair.*

In Year Three, the Marketing & Sales Team successfully began the transition of sales promotion to Serbian Associations, with joint activities at Fruit Logistica in Berlin with The Fruits of Serbia Association, at the BioFach Organic Fair in Nuremburg with the Serbia Organica Association, and at the MIHAS Halal Fair in Malaysia with the Serbian Halal Agency. The photo on the previous page shows the Serbian delegation in front of the Serbian Halal Agency booth at the MIHAS halal food fair in Malaysia, which took place in June 2010.

This Project success with export promotion transition and with the two major indicators, is offering an opportunity to explore new models of sustainability, and to quicken the pace of transition to Serbian ownership and management of the sales promotion program for Project clients. Through a series of sector meetings with the project team members, companies, the MAFWM and industry associations, the Marketing & Sales team has developed a comprehensive Year Four implementation plan which will further support the transition to associations and other bodies. The Year Four plan is a continuation of the approach from Year Three, which is based on two main elements targeting the depth and breadth of Serbian capabilities to address market opportunities:

- Depth – Enhance firm level ability to identify, respond to, and succeed in capturing market opportunities. This could mean developing in-house capacity for some firms, and for others reaching out in a knowledgeable way to engage service providers.
- Breadth – Strengthen ABDS service provider and industry association capabilities and skills in providing excellent sales and marketing services, and develop their ability to identify the market needs and requirements for Serbian agribusiness firms.

During Year Four the Project will continue to transfer responsibility for the organization and management of trade fair participation to representative industry associations, or to private service providers, that are able and willing to undertake these activities as for-profit ventures. During the coming year the Project will provide partial, at a reduced level from Year Three, funding for these efforts mainly via grants to continue the transition process.

### **1.4 Youth Enterprise Program:**

The Agribusiness Project's Youth Enterprise Program includes a number of different initiatives which are designed to prepare Serbian students for greater participation in, and success with, the agricultural sector. The Year Four plan for the Youth component will encompass several activities (improved business development planning in agricultural schools and universities, internship programs, Business Plan competition, Start-up grants, etc.), which will enhance their skills while preparing them to face economic realities. Early interventions with youth will ensure proper workforce development within the growing agricultural sector, while fostering the innovation necessary to compete in the new economy.



*Figure 9 The Project's Youth Enterprise grantees at the grant award ceremony that took place in April 2010.*

One of the main objectives of the Agribusiness Project for Year Four will be to institute a sustainable entrepreneurship-based program that encourages new ideas, fosters information sharing, and prepares youth for success within the agricultural sector. To do this, the Agribusiness Project will continue to work with educators, students, parents, government, community leaders and agribusinesses, to integrate the concepts and principles of sustainable development into educational policies, the school curriculum, teacher education, and lifelong learning across Serbia.

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Implementation of the Youth Entrepreneurship Program will be based on the three existing but separate and complimentary activities that will strengthen the ability of youth to enter the agribusiness world in Serbia. These three activities are:

- The Project will continue to introduce “Entrepreneurship in Agribusiness” programs in new Agricultural high schools (and continue the work with the existing 24 schools) in Serbia.
- The Agribusiness Project will finish the selection process for the third round, and launch the fourth round, of the Best Business Plan Competition (BBP). This activity will be implemented in collaboration with Junior Achievement Serbia, through a grant which will allow them to provide training to the applicants, to review and select the winners of the competition, and to support the grantees as they implement their business ideas.
- The Project will continue Internship Programs for agricultural students at the university level, and will offer a “shadow” program where high school students spend from one day to one week (unpaid), shadowing an agricultural professional at work to learn what the job entails.
- The Project will work more closely and broadly Junior Achievement program in Serbia. This will include assisting JAS to develop a model for sustainability.

In addition to these three activities, the Agribusiness Project will make better connections with the Agricultural Faculties and have Project consultants make presentations for university students.

### **1.5 Environmental Compliance Activities:**

Activities undertaken as part of the Agribusiness Project’s Environment program will support the objective of improving the competitiveness of Serbian agribusinesses, and improving the overall environment in Serbia. The Environmental Advisor will complete USAID mandated environmental activities, such as environmental reviews of grantees, and insure that the Project is in compliance with all USAID Environmental Regulations. Activities in this component will continue work that began earlier in the Project, which are organized as follows:

**Pesticide Safety & Environmental Education/Certification (PSEE):** The main objective of the Pesticide Safety & Environmental Education/Certification (PSEE) program is to increase the quantity and quality of environmental services available to agribusiness firms. The approach taken by the Project to date is to provide technical assistance to the Ministry of Agriculture, Forestry & Water Management (MAFWM) to strengthen their technical capabilities, and to establish a critical mass of resources for PSEE in Serbia. Over the course of Year Three the Project collaborated with the Ministry on an initial PSEE training program, which created a cadre of nearly 100 qualified and licensed SPU trainers which will be used for the follow-on technical training program. Over the course of Year Four the Ministry and the Project will collaborate on an ambitious PSEE program that will expand the SPU training program to key areas of the country and provide training to at least 500 individuals around the country. Specific PSEE program activities for Year Four will be:

1. PSEE Basic & Advanced Education Program Improvement;
2. PSEE Basic & Advanced Education Program Delivery Support;
3. PSEE Program Survey Data Collection & Tabulation;
4. Professional Services Improvement;
5. PSEE Awareness Raising among the public; and
6. Transferring program responsibility to the Ministry of Agriculture.

The PSEE Program structure is based on selected topics, and each of the topics has a set of sub-results and actions to be taken. The program was developed during Year Three, and these actions will be implemented over the course of Year Four, to achieve the desired goals and impact.

**Cleaner Production Assistance (CP):** During Project Year Four the focus of the Cleaner Production Assistance program will be on providing technical and financial assistance to support client enterprises implementing Cleaner Production programs within their processing operations. Assistance will be available to companies, from all six sub-sectors, to adopt methods and processes that minimize waste, pre-treat wastewater, and save energy through low-cost, or no-cost, opportunities. Through a set of training programs for client firms, and ABDS providers, client companies will be instructed on how to apply basic CP concepts and assessment methods, and how to integrate CP into their business strategies and planning. The Project also expects to implement a small CP grant program, which will provide limited support to firms wishing to more fully implement CP programs within their operations. The photo at the right shows managers from CP client firms at a workshop which took place in Nis in June 2010.



*Figure 10 Representatives from Cleaner Production companies participate in a CP workshop organized by the Project in June.*

**Integrated Pest Management:** Activities within this environmental program will be implemented by STTA consultants (either US or Serbian) with relevant expertise needed to provide agricultural producer organizations, ABDS providers, and pest managers with modern IPM knowledge and practices. The IPM program will cover all aspects of crop production and processing, from planting to harvesting, through to post-harvest handling and food processing and distribution. Integrated Pest Management (IPM) represents a comprehensive approach to pest control, which combines methods of reducing the presence of pests to tolerable levels, while maintaining environmental quality. IPM is the coordinated use of pest and environmental information, along with available pest control methods, including both biological and chemical methods, to prevent unacceptable levels of environmental damage from pest infestations.

**Environmental Compliance Activities:** The aim of Project Environmental Compliance activities is to ensure the application of environmental procedures as is required by USAID rules & regulations. The Environmental Advisor will assist other professional staff within the Agribusiness Project to increase the opportunities for environmentally acceptable Project actions, as well as to minimize exposure to environmental risks. The Environmental Advisor will also conduct environmental reviews of grant applicants, to ensure compliance with USAID's environmental requirements, and the Advisor will continue to insure compliance with the Project's PERSUAP.

### **1.6 Women in Agribusiness Program:**

Over the course of Year Three, the Project focused on assessing the interests and needs of rural women working in agribusiness, as well as on the capabilities of women's organizations. In spite of the economic crisis, or as a result of it, there is still a great interest among women in rural areas to begin a career in agribusiness. The Project recognizes this interest, and has designed the Women's Entrepreneurship in Agribusiness program to incorporate a training component, and start-up grants following the training, for rural women agribusiness entrepreneurs. This Program was launched in the fourth quarter of Year Three and will continue throughout Year Four. The following paragraphs describe the various elements of the Women's Entrepreneurship in Agribusiness program:

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- The technical training program will be implemented over the first and second quarter of Year Four. Following the training program, the trainees will submit their business plans to the Agribusiness Project for the start-up grant program. It is expected that more than 200 women will complete the training program, and submit business plans for starting, developing, or managing their own private businesses.
- The best business plans prepared during the training workshops will qualify for start-up grants for developing new businesses. Individual grants will not exceed \$15,000, and the Project plans to award ten grants. The Agribusiness Project also assist grantees to take advantage of emerging opportunities in domestic, regional and international markets, and provide other forms of technical assistance.
- The training sessions are intended for women who are already active in the agribusiness sector (registered agribusiness companies). Since they already have business management experience, the Project will provide training which will strengthen their presence in the agricultural sector and on the market (training topics will cover finance, marketing, exports, quality systems, etc.).
- During Year Four, the Gender Program will remain flexible, and provide individual assistance in specific cases – collective visits to fairs and exhibitions, organization of business meetings in the country, linking of women entrepreneurs with buyers, etc.
- The Project will also develop closer cooperation with Women's Associations and organizations over the course of Year Four. The Agribusiness Project will also be open to suggestions and proposals coming from these organizations.



In all gender activities throughout Year Four, Project staff will, with assistance from the communications advisor, endeavor to promote and stress the importance of women in agribusinesses, and women's entrepreneurship in general. To highlight this topic, the Project will organize a round table, or national conference, on Women in Agribusiness. This activity will be implemented in collaboration with the Ministry of Agriculture and the Chamber of Commerce. The photo above shows the Gender Advisor at the Women's Entrepreneurship Conference, in February of 2009 in Banja Vrujci.

### **1.7 Agribusiness Volunteer Program:**

The Project Task Order included a provision for the use of volunteers in program activities, but no specific mechanism for including volunteers was incorporated into the design of the Project. During Year Three Project staff have continued to maintain contact with the Serbian Union Congress to determine if there is a viable way to utilize the Serbian-American diaspora in some of the Project's technical assistance activities. While the SUC has expressed interest in submitting a grant proposal for a volunteer program to use the diaspora, no such proposal has been received to date. At this time it does not seem likely that a volunteer program will be incorporated into the Agribusiness Project during the remaining life of the project.

### **III. Component 2: Improved Enabling Environment for Agribusiness**

This section of the Workplan outlines programs and activities which will be implemented by the Agribusiness Project in Year Four for the purpose of improving the enabling environment for Serbian agribusinesses. These changes are needed to enhance the competitiveness of domestic agricultural and food producers, and to facilitate the harmonization of Serbian regulations and practices with international and EU requirements.

The Agribusiness Project plans to continue supporting the introduction of international standards through the grant program on a cost-share basis with client agribusinesses. The program will encompass various quality and safety standards, in accordance with specific program criteria, and based on expressed client needs. The Program for Year Four will be implemented on a first-come first-served basis, with approximately 20 standards grants being awarded.

#### **2.1: Production Estimates, Market Information and Supporting Studies:**

##### ***Task 2.112: Expand & Improve the STIPS Market Information System:***

The Agribusiness Project will continue to work with the Ministry of Agriculture, and the selected ABDS provider, to expand the market information system for agriculture “STIPS” to include a component on the supply of selected agricultural products (e.g. available quantities, quality, location, time-frame and profile of producers). In this way the system could serve as an adjusted commodity exchange platform. Since the Serbian system is by far one of the most advanced agricultural market information systems in the region, in addition to proving links to similar systems in the region, STIPS could be modified to pull certain data from the regional systems in order to facilitate comparisons of prices within regional markets. Following adjustment of the system, training for STIPS reporters will be organized by the service provider to facilitate the utilization of the additional features of the system.

##### ***Task 2.1.2: Organize Targeted Agricultural Studies and/or Surveys:***

The Policy component will undertake a market and resource analysis/survey of the herb sector for the purpose of designing proposals for changes to industry-related policies & regulations. The study will include an exhaustive analysis of national, regional, and international (mainly in the EU) legislations and regulations governing collection, processing, and trading (exports & imports) of wild plant species (flora). The survey of good collection practices, and the *in situ* conservation of biological resources, to support the sustainable use of wild herbal resources will result in a report prepared by a Project consultant which will be provided to the members of the national association “Serbian Flora”, as well to all parties interested in the herb sector in Serbia. Based on the results of this professional survey documentation will be prepared and submitted to relevant parties involved in the creation of legislation & regulations (e.g. the Ministry of Environment Protection and Spatial Planning, the Institute for Nature Protection, the Ministry of Trade and Services, etc). Based on the findings and recommendations of the study, the Project will support association advocacy and lobbying to change the legislative framework for the collection and use of wild herbs in Serbia. The ultimate objective of this effort will be to enhance the business environment for herb sector firms, and to improve the capacity of Serbian Flora to represent their members.



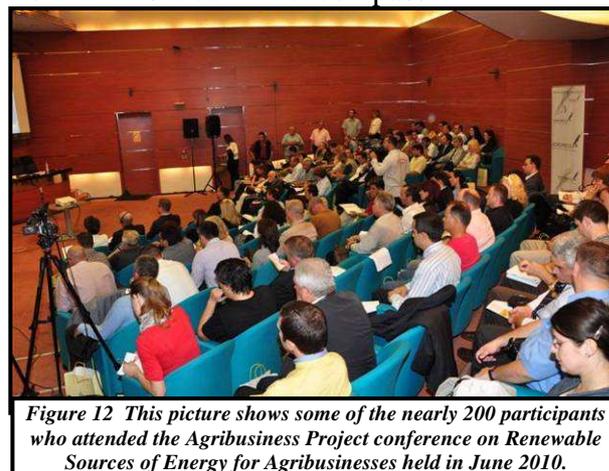
*Figure 11 The former USAID Mission Director for Serbia, Mr. Michael Harvey, makes a presentation at the Nis Tea Festival held in March 2010.*

### 2.2: Facilitate Legal, Policy, and Regulatory Reform:

#### Task 2.2.1: Provide Support to Legislative and Policy Reform Coordination:

In cooperation with the Ministry of Agriculture, and relevant academic, scientific and research institutions and associations, the Agribusiness Project will assist in the creation of, and will provide support to, efforts of working groups/bodies responsible for coordinating and implementing initiatives related to legislative and/or policy reforms. In particular, the Agribusiness Project will work with agribusinesses, and the Ministry of Agriculture, to facilitate the dissemination of information related to existing agricultural support programs provided by the Serbian Government, requirements and implications of the Food Safety Law, and the Law on the Protection of Plant Breeder's Rights. To do this the Project will prepare specific documents and/or publications related to these support programs and agricultural laws. Specific work in this area will encompass:

- A presentation of the findings in the Study on the Impact of the International Integration of Serbia on the Agricultural Sector as a result of the Stabilization and Association Agreement with the EU, accession to the World Trade Organization, or the application of country-by-country free trade agreements (e.g. Turkey, Belarus). The study will include a general tariff analysis of the liberalization process and its impact, and sector specific detailed analyses for 15 products, or groups of products. The findings from the study will be presented to the general public, government representatives, and agribusinesses via at least one national level conference, and several sector specific events and/or panel discussions. These sector specific events will also be used to present industry views to the Government with regard to any necessary tariff protections which should be maintained following WTO accession.
- A presentation of the Study on the Impact of Weather Conditions on Agriculture in Serbia and Modalities of Anti-Hail Protection, will take place following completion of the study which is expected in the first quarter of Year Four. The purpose of the Study is to analyze the status of existing systems for hail protection (distribution, functions, equipment, organizational capacities, main problems, impact on the environment, etc), and to provide recommendations for potential the improvements to the system and an evaluation of any necessary new investments. The study will recommend market driven systems for anti-hail protection, which will reduce the crop losses from hail damage, and which will contribute to improving the competitiveness of the Serbian agricultural sector. These findings will be presented to Project client firms, government representatives, and the general public at this national conference.
- A National Organic Conference will be organized as part of the grant awarded to the new national association, Serbia Organica. The goal of this conference will be to inform the public on developments in the organic sector of Serbia, by presenting the latest developments and the results of a sector analysis conducted during 2010. The national conference also will be used to influence the formulation of a national policy on organic production in Serbia. In addition, the conference will provide an opportunity for all relevant stakeholders to assess the Serbian Law on Organic Production relative to similar legislation in the European Union, and to review activities specified in the National Action Plan for the development of organic agriculture.



### ***Task 2.2.2: Support Policy Implementation:***

The Agribusiness Project will work with the Ministry of Agriculture, and sub-sector industry representatives, to ensure that the relevant businesses are properly informed and educated regarding the requirements of proposed, and/or adopted, agricultural laws and regulations.

Following the successful implementation of the Law on Public Warehouses for Agricultural Products for grains, and the Agribusiness Project will work with the Ministry of Agriculture and Indemnity Fund to introduce the warehouse receipts concept for fruits. Project assistance will encompass the promotion of a similar Warehouse Receipts system for fruits, and the implementation of specialized training programs for fruit producers (depositors), commercial banks, and the owners of cold storage facilities regarding the features and benefits of a WHR system. In addition, the Project will monitor the operation of the WHR communication center which was established with Project assistance during Project Year Three.

Over the course of Year Four the Project will also organize special training events to inform clients, and other interested parties, on the requirements for the Instruments of the Pre-Accession Assistance (IPA) program of the European Union. These tailored training sessions will be designed to target two groups of beneficiaries:



**Figure 13** Participants from Novi Sad attend a training program organized at the FINS office as part of the public awareness campaign to promote the Warehouse Receipts System in Serbia.

- Potential service providers: The target audience will include private and public extension service providers, farmer cooperatives, and the rural development network. These are organizations which will be used to disseminate information regarding the available programs, and to provide professional assistance in designing project proposals.
- Leading sub-sector agribusinesses wishing to gain a better understanding of the IPA instruments, and the funding and assistance available from them. The training sessions for this group will primarily deal with the IPARD component of IPA, and will cover its' objectives, program implementation, axes, measures available under different axes, structures and management, as well as capacity building in proposal/project development, and the eligibility of expenditures, etc.

As Serbia moves closer to EU accession, and new support programs become available to Serbian farmers and agribusinesses, this type of assistance will be a more important part of the overall Policy & Ag Info program, and could lead to client agribusinesses securing significant EU program support for their operations.

### **IV Component 3: Agribusiness Program Management**

#### **3.0 Agribusiness Grant Program:**

The Agribusiness Project has a fund of \$3M which has been established to provide implementing partners (women & youth, partner companies, cooperatives or associations) with limited matching grant funds to assist them to implement changes which will improve their competitiveness in local and/or international markets. Over the course of the first three years of the Project the grant program has gained experience, and has become familiar with those types of grants that can have the most impact on the Project's target sectors. A total of 137 individual grants have been awarded, with total grant funding of \$1.9M. For Project Year Four, approximately \$1.1M of grant funding will be available for the following grant programs:



*Figure 14 Mr. Jim Stein, the Mission's Director for Economic Growth, presents an award certificate to a Youth Entrepreneurship grantee.*

- **Youth Grants** – The third round of the Youth Business Plan Competition is planned for late summer 2010 and approximately 15 grants (up to \$15,000 for each grant) will be awarded, in cooperation with Junior Achievement Serbia. Also, the Project will use grant funds for the JAS training program, which will be implemented over the period of October 2010 - May 2011, as well as the fourth (and final) round of the Business Plan Competition in May-June 2011.
- **Women's Entrepreneurship Grants** - Upon completion of the Women's Entrepreneurship training program, a limited number of start-up grants (approximately 10) will be awarded to the women who prepare the best business plans during the training program. Each woman will receive a start-up grant which will not exceed \$15,000 in total.
- **Marketing & Promotion Grants** - Based on the lessons learned from the first round of this grant program, and the marketing consultant's report, this grant program will undergo significant changes. Grants will now be awarded through a competitive process to a limited number of companies that really need Project assistance. There will be approximately 20 awards, with each grant limited to \$25,000. The Marketing Team will be more involved in the program, to ensure the quality of assistance provided, and proper implementation of the program. This grant program will be launched in the first quarter of Year Four.
- **Association Development Grants** – The purpose of this grant program is to support the development of industry associations active in the Agribusiness Project focus sectors. The first association grants will be awarded in the fourth quarter of Year Three, and implementation of these grants will continue throughout much of the coming year. In Year Four, the Agribusiness Project plans to provide follow-up grants to the most successful associations that received grants in the first round. Follow-up grant funds will be used to support the continuation of activities the associations undertake to support their members. This grant program will be launched in the third quarter of Year Four, following close-out of the current grant program for associations.
- **International Food Safety & Quality Grants** – As with the previous two rounds of this grant program, grant funds in Year Four will be used to support Agribusiness Project clients to introduce international food safety and quality standards. In the coming year however, grant funds will be available for certification only, and only a limited number of agribusinesses (approximately 25) will be awarded grants, using “first-come, first-served” system. The Agribusiness Project will cover 70% of the total cost of the certification services. This grant

program will be launched in the third quarter of Year Four, upon completion of the current grant program for international food safety and quality standards.

In addition to these well defined grant programs, the grants component of the Agribusiness Project will remain flexible and open to new ideas, and unsolicited proposals, as has been the case in the past. Any proposals that clearly demonstrate a unique and innovative capability, where grant funds will be used to support a public purpose, will be given due consideration.

The Agribusiness Project's Grant Manual was revised as part of the process of developing the Year Three Project workplan. The manual was approved as part of that plan, and there has been no need to revise the manual for Year Four. As a result the Grant Manual included with this year's workplan is the same as the manual proposed, and approved, as part of the Year Three workplan.

### 3.1 Project Communications & Media:

Ensuring positive media coverage, and extended visibility for key project activities and results, will remain the focus for communications in Year Four. The Communications function is envisaged as primarily a support function for the Project, supporting Sector Leads and Cross-Cutting Specialists when their activities involve high profile events and/or they require media coverage. As a result the work of the Communications Advisor will largely be determined by the Year Four sector/cross-cutting activities and event plans. It has been determined that the majority of media coverage received in Year Three was from Project organized public/publicity events, and opportunities will be sought out to organize as many events of this type as possible (at least two per month) during Year Four.



The practice of organizing major quarterly public events and/or conferences will continue, either in cooperation with Agropress (as has been the case in Year Three), or with other partner organizations. Cooperation with all major media outlets will also continue in Year Four, especially with those that enable a wider distribution of information through their member-network (such as Agropress, Moja farma, and the Association of Agricultural Journalists of Vojvodina, etc). Additional emphasis will be placed on establishing, and/or improving, cooperation with media outlets south of Belgrade, supporting the Project's emphasis on Southern Serbia, and clients and activities implemented in the southern regions of the country.

The practice of organizing major quarterly public events and/or conferences will continue, either in cooperation with Agropress (as has been the case in Year Three), or with other partner organizations. Cooperation with all major media outlets will also continue in Year Four, especially with those that enable a wider distribution of information through their member-network (such as Agropress, Moja farma, and the Association of Agricultural Journalists of Vojvodina, etc). Additional emphasis will be placed on establishing, and/or improving, cooperation with media outlets south of Belgrade, supporting the Project's emphasis on Southern Serbia, and clients and activities implemented in the southern regions of the country.

Alternative, and innovative, ways (for instance through human interest stories, media field trips, and specific media capacity building activities) to promote the Project, and Project clients, will also be used, within the communications & media relations component. The Project web site will remain an important tool for presenting the Project, and its activities and/or results, to the public, and in Year Four additional upgrades to the web site will be implemented, in line with the development of new Project activities and events.

Over the course of Year Four, the Communications Advisor will also focus on strengthening the Project's relations with USAID and the Embassy, as important stakeholders in Project activities. In addition to the traditional support for joint USAID activities (Fast Facts newsletter, CoP meetings, Media/PR Competence Group meetings, etc) some new activities will be implemented. These could include the use of the Embassy Residency for Project events, and enhanced participation at the 4<sup>th</sup> of July event (added Project management staff and/or Project clients), among others.

In line with the Project's exit strategy, efforts will be made over the course of Year Four to transfer the knowledge gained, and the contacts made, to Project clients and associations, in a systematic way. The Communications Advisor will seek to engage an STTA expert to perform several workshops for company and/or Association representatives in order to strengthen their capacity in the field of media relations (traditional and new, social media), and communications in general (government relations, lobbying, event management, publicity etc).

In order to support Project clients' successful presence in international markets, Project clients will also need training and instruction on how to deal with foreign media, and to understand what media and promotional opportunities are available to them, especially during international trade fairs.

### 3.2 Project & Program Administration:

During Year Two the Project underwent some significant changes in management, but over the course of Year Three the personnel compliment of the Project has remained fairly stable. Three of the women professional staff left for maternity leave early in Year Three, and they will be returning to the Project in the first half of Year Four. The Project established a new field office in Nis in the



third quarter of Year Three, and hired a Program Assistant as the first employee for that office. In the first quarter of Year Four the Project will hire a second staff member for the Nis office, an Agribusiness Development Officer, who will assist the Project to expand its reach in the south.

Changes in the expatriate staffing for the Project, which were included in the initial proposal and the Task Order contract, will not take place. During Year Three the Mission indicated that they wished to have the expatriate staff remain in country for the full term of

the Project, and a budget modification has been implemented to make this possible. As a result, the Chief of Party, Mr. Louis Faoro, will remain for the full term of the Project, and Mr. James Herne (the Deputy Chief of Party), and Mr. Remer Lane (the Marketing & Export Advisor) will remain on staff until the end of March 2012. The Project will also continue to use expatriate consultants on an as-needed basis, but it is expected that the level of expatriate STTA involvement in the Project will be somewhat less than was the case in Year Two and Year Three.

## USAID Serbia Agribusiness Project

### **V. PROPOSED RESULTS RELATIVE TO THE PMP TARGETS:**

The Annex section that includes the Agribusiness Project's Performance Monitoring Plan (PMP) describes the Project's performance monitoring system, which is the foundation of the Project's internal monitoring & evaluation system. This system allows the Agribusiness Project to build on winning initiatives, and to take corrective action when results are less successful than anticipated. A flexible management strategy will replicate successes and expedite achieving the desired results and impact of the Agribusiness Project. The PMP system is used to compile and track Project performance information, including data on Project performance relative to the indicators required by the USAID Task Order, as well as qualitative information, such as anecdotal experiences which can be published as success and/or human interest stories.

#### **4.1 Project Performance to Date & Expected Year Four Impact:**

The Project has well defined performance targets which are included in the Task Order, and these can be divided into two categories: National Level Indicators (Ag GDP growth and Ag Export growth), and Project Level Indicators (Sales & Employment targets for assisted firms). Project reporting on the national level indicators lags behind the Project level indicators, as this data is only available in December following the calendar year (ie data for 2009 will be available in December 2010). Project reports to date have included data that is available, which is for calendar year 2008. Based on this data Project performance is ahead of target, with Ag GDP growth at 8.6% vs the Year Three target of 3.0%, and Ag Export growth at 16.1% vs the Year Three target of 7.5%. It is unclear what impact the global financial crisis, and the adverse weather of 2010, will have on these indicators for Year Three (ie calendar 2009), as this data will not be available until December 2010.

The Project has also been doing well on achieving the Project level impact, with both the annual sales targets and the cumulative employment indicators being exceeded during the first three years of the project. Cumulatively, the Project is well ahead of the sales target (\$52M vs the \$22M Project-to-date target), but as with the National Level Indicators it is unclear what impact the financial crisis and adverse weather will have on future sales. The Project's employment indicator is also ahead of target (4,236 vs the 3,000 targeted). The Project expects to exceed the Life of Project sales target (which has been increased from \$72M to \$90M with the second budget modification), but achieving the employment target will be more difficult. Over the course of Year Four the Project will again review the impact targets included in the PMP, and submit revisions to selected indicator targets to bring them in line with what is seen as being achievable. The table below provides a snapshot of the targets, performance to date, and expectations for the future.

Project Task Order Performance Target	Project to Date (Y3)		Project Year Four		Life of Project	
	Target	Actual	Target	Projected	Target	Projected
<b>Agricultural GDP Growth (1)</b>	3.0%	8.6%	6.0%	10.0%	10.0%	12.0%
<b>Agricultural Export Growth (1)</b>	7.5%	16.1%	12.0%	12.0%	16.0%	16.0%
<b>Sales by Client Firms (2)</b>	\$22M	\$52M	\$30M	\$30M	\$90M	\$90M
<b>Agricultural Employment (3)</b>	4,200	4,236	6,000	6,000	10,000	10,000

- (1) The actual figures for these two indicators are for calendar year 2008. Data for calendar year 2009 will be available in December 2010.
- (2) The Task Order contains annual sales targets and not cumulative sales targets. The sales figure in the Project to Date column includes data for the first three quarters of Y3, since full year data was not available at the time the Year Four Project Workplan was being prepared. The Project to Date and LOP targets are provided to give readers an indication of how the project is doing on a cumulative basis with this target.
- (3) The employment target is not an annual target but is cumulative on a year-by-year basis. The employment figure in the Project to Date column is for the first three quarters of Y3, since full year data was not available at the time the Year Four Project Workplan was being prepared.

The Project's PMP includes many other performance targets besides the four indicated above. These four targets are the critical ones, as they are included in the Project Task Order. The detailed PMP Annex section of the Year Four Workplan provides detailed descriptions of all the Project targets, and the Project's performance to date.



**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Year Four Annual Workplan**

**October 1, 2010 – September 30, 2011**

**Annex I – Performance Monitoring Plan**

# Performance Monitoring Plan

## Introduction

This document describes a comprehensive approach to USAID Agribusiness Project’s Performance Monitoring Plan (PMP), building upon the framework outlined in DAI’s proposal and Year One Workplan. The performance monitoring system is the foundation of the project’s communications strategy and its internal monitoring and evaluation system. This system will allow USAID Agribusiness Project staff to build on winning initiatives and take corrective action when results are less successful than anticipated. An adaptive management strategy will facilitate replication of successes and, thereby, expedite achieving the desired results of USAID Agribusiness Project. The system is used to compile and track performance monitoring information, including indicators required by USAID/Serbia, as well as qualitative information, such as anecdotal experiences, which can be published as success stories. The PMP:

- Meets all USAID/Serbia and USAID/Washington reporting needs, enabling USAID Agribusiness Project management to report to USAID total sales of targeted products for every dollar in award funds;
- Functions as the project internal monitoring and evaluation system, assisting USAID Agribusiness Project staff and USAID to manage and prioritize project investments;
- Consolidates and distributes standardized information on the performance of targeted value chains (elements of the PMP can remain beyond the life of the project); and
- Shares lessons learned on best practice models that can be replicated.

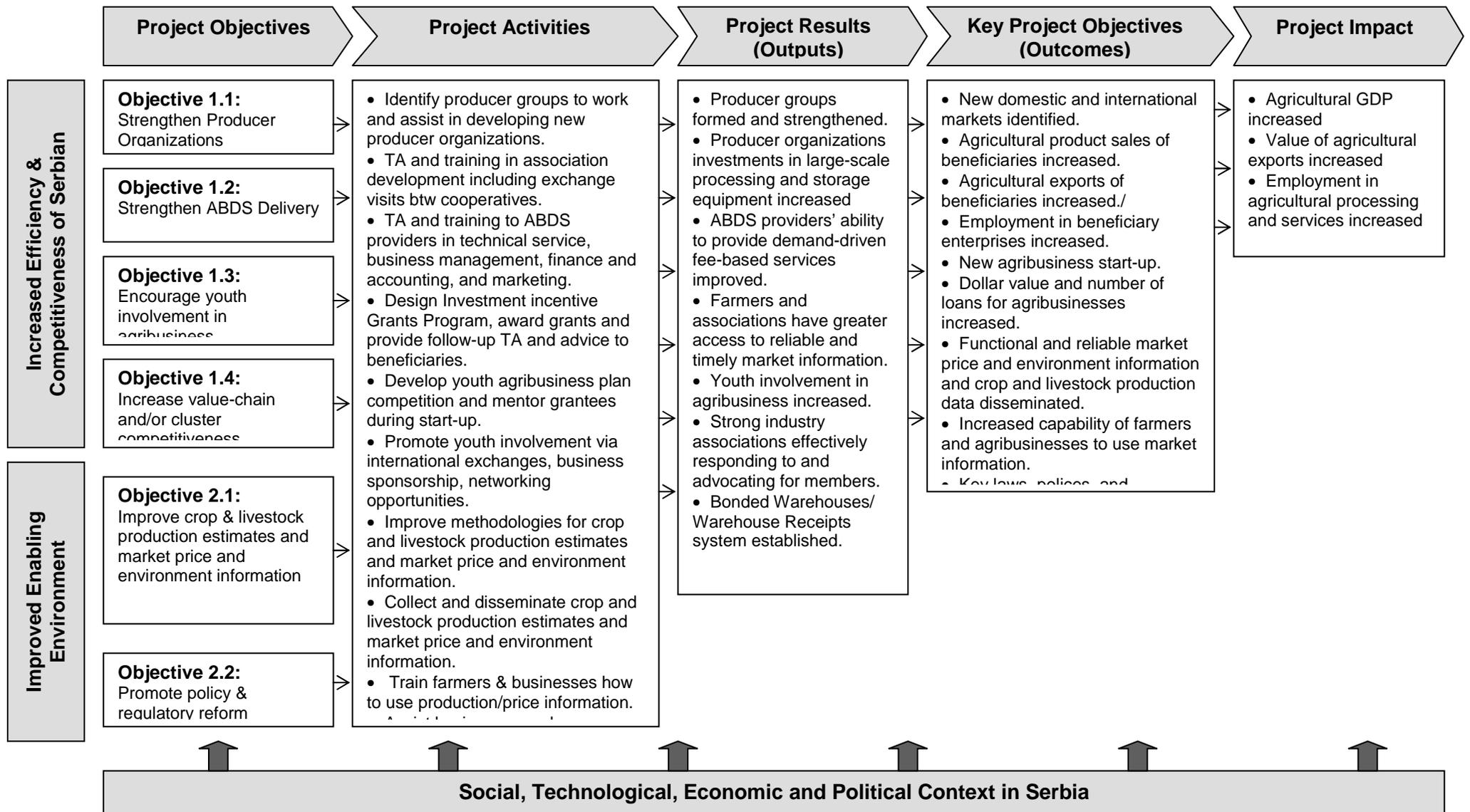
The PMP is divided into three main sections. Following this introduction is a section on the causal model that shows the relationship between project activities, outputs, outcomes and impact. Next section provides a description of the proposed project level indicators, including the rationale behind each one and a brief description of how they will be captured and used. The final section deals with management of the PMP.

## PMP Framework

The proposed approach to performance monitoring is based on a causal chain that links project activities to USAID/Serbia’s Foreign Assistance Strategy. Figure H-1 shows the relationships between the USAID Agribusiness Project’s activities and targeted results.

In this causal chain, the three **project objectives** lead to **project activities**. The **project activities** will produce, in the first instance, **project results (outputs)**, such as new technologies and methodologies adopted by farmers, links established or improved between value chain actors, small producers, and financial service providers, etc. These outputs, in turn, will lead to positive **key project objectives results (outcomes)**. These outcomes have largely been defined by USAID/Serbia in the RFP. Ultimately, the project outcomes lead to **project impact**. The overall impact of the USAID Agribusiness Project will be a stronger agricultural sector with Serbian producers able to compete more effectively in domestic and global markets and increased household income of Serbian farmers.

FIGURE H-1: PMP FRAMEWORK



## **Project-Level Indicators**

The project-level indicators for the PMP are divided into the following categories:  
USAID Standard F Indicators

Overarching Project Level Indicators

Component 1: Increased Efficiency and Competitiveness of Serbian Agribusiness

Objective 1.1: Strengthen Producer Organizations

Objective 1.2: Improve ABDS Delivery

Objective 1.3: Encourage youth involvement in agribusiness through the Youth Enterprise Program

Objective 1.4: Increase value-chain and/or cluster competitiveness

Investment Incentive Grants to support Objectives 1.1, 1.2, 1.3 and 1.4

Capacity Building Grants for Producer Organizations and ABDS Providers

Component 2: Improved Enabling Environment for Serbian Agribusiness

Objective 2.1: Improve Crop and Livestock Production Estimates and Market Price Information

Objective 2.2: Promote Legal, Policy, and Regulatory Reform

Following is a brief overview of the indicators for each of these project objectives. These indicators are further defined, including targets and data collection methodology, in the Attachment 1.

## **USAID Standard Indicators**

USAID/Serbia has recommended the following performance indicators to measure the results generated through the support provided by USAID Agribusiness Project. Data collection methodology will include the Data Quality Assessment, as well as other tools provided by USAID/Serbia.

- Percent change in value of international exports of targeted agricultural commodities as a result of USG assistance;
- Number of producer organizations, water user associations, trade and business associations, and community-based organizations (CBOs) receiving USG assistance;
- Number of agriculture-related firms benefiting directly from USG supported interventions;

## Overarching Project Level Indicators

While a number of indicators can be attributed to particular interventions, several higher level indicators will result from a combination of technical assistance, training, and grants that span across objectives. The following we consider to be overarching project indicators:

Overarching Project Indicators	Narrative Description
Percent change in agricultural GDP (to be compared with the GDP's in the neighboring countries e.g. Bosnia, Macedonia, Croatia, Bulgaria, etc.)	Because GDP is one of the most important measures of production in the Serbian economy, it is important to measure all production of agricultural commodities, which includes all crop, livestock, and fisheries activities. In 2005 Serbian agricultural GDP was \$4.25 B, and in 2006 it reached \$4.79 B. However, the agricultural GDP has fallen down for 11.8% to \$4.23 B in 2007 <sup>^</sup> , thus the projections given in the PMP are very conservative. USAID Agribusiness Project has also taken into account a dynamic political environment in Serbia, which as such may generate unexpected macroeconomic indicators.
Percent change in the value of agricultural exports (disaggregated by export market and commodity)	Three groups of goods dominate Serbia's agricultural exports: fruits and vegetables (33%), particularly raspberries; cereals and their processed products (26%), particularly maize; and sugar and confectionery products (16%). Higher unit prices of agricultural and foodstuff products in import than in export shows that Serbia continues to export goods of lower processing level and import higher value added products. USAID Agribusiness Project will work with producer groups and businesses to continue the agricultural export growth trend likewise in the previous years (2005: \$909M; 2006: \$1.25B; 2007: \$1.67B) <sup>^</sup> .
Actual increase in employment in agricultural processing and services (disaggregated by the gender of new employees, type of employment, sub-sector, and geographic region)	A key objective of USAID Agribusiness Project, increasing employment in target agricultural processing and services is important to promoting development in Serbia. Focusing on entire value chains which will lead to increased employment in competitive value chains in areas such as input supply, processing, marketing, etc. Employment calculations will include assessments of full-time, part-time, and seasonal employment to arrive at total number of jobs, which is projected at 10,000 new jobs in 2012 (cumulative). Enterprises will include commercial farms and firms along the value chain, such as input suppliers, processors, buyers, exporters, etc.
Dollar value change in agricultural product sales of USAID Agribusiness Project beneficiaries (disaggregated by geographic region and commodity)	USAID Agribusiness Project will work with producers and farmer groups to improve production practices, post-harvest handling, packaging, and marketing with the objective of increasing the total value of agricultural product sales of Serbian farmers and firms.

**NOTE:** National Bureau for Statistics publishes GDP data annually, and six months after the end of calendar year (Serbian fiscal year). Also, the agricultural export data are published on an annual basis as a summary report, but some row figures might be available on a quarterly basis. USAID Agribusiness Project staff shall make all efforts to obtain these data as soon as available, but USAID should be aware of the reporting constraints related to these two indicators whereas USAID Agribusiness Project staff has no control over the reporting timing whatsoever. USAID Agribusiness Project has established official communication channel with the National Bureau for Statistics to assure professional and timely information exchange.

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<sup>^</sup> Source: National Bureau for Statistics

**Component 1: Increased Efficiency and Competitiveness of Serbian Agribusiness**

***Objective 1.1: Strengthen Producer Organizations***

Once the USAID Agribusiness Project team has carried out the rapid sub-sector assessments and developed commodity action plans, both existing and nascent groups of farmers and/or agribusiness-related firms will be assisted to work together to become effective service providers for their members and evolve into sustainable business enterprises. This includes training and technical assistance in association development (devising new by-laws, formulating governance and management oversight, identifying and developing fee-based member services), association management, finance and accounting, improved production, processing and marketing.

Objective 1.1 Indicators	Narrative Description
Number of producer organizations assisted as part of the USAID Agribusiness Project (disaggregated by geographic region, sub-sector, age of organization, and the size of producer organizations i.e. number of members)	It will be necessary for farmers to learn to work together to achieve economies of scale in terms of input purchases and product sales. A key focus of USAID Agribusiness Project will be to work with existing producer organizations and help to establish new ones with the objective of helping them to become sustainable, financially viable business enterprises.
Number of new members joining USAID Agribusiness Project-assisted producer organizations (disaggregated by gender and geographic region).	A prime indicator of an organization’s success is its ability to attract and retain new members.
Total dollar value of member sales through USAID Agribusiness Project-assisted producer organizations (disaggregated by gender and market i.e. domestic/international)	A major reason that producers benefit from collective action is the ability to capitalize on economies of scale and access new markets for their goods by selling in larger quantities to meet buyer requirements.
Average Score of assisted producer organizations on the Organizational Capacity Assessment Tool	This indicator is an overarching tool that scores civil society and community-based organizations along 7 dimensions that are critical to effective organizations (governance, management practices, human resources, financial resources, service delivery, external relations, and sustainability). Each dimension is scored along a 5 - point scale, where 1= needs urgent attention, all the way to 5 = good, needs maintaining. Then all the dimension totals will be added together to get the response entities’ final score for the year.

## USAID Serbia Agribusiness Project – Year Four Annual Workplan

### **Objective 1.2: Improve ABDS Delivery**

The Project will assist ABDS providers to strengthen their operations and promote the establishment of new ABDS firms to provide in-demand services to firms along the value chain. The USAID Agribusiness Project team will identify initial ABDS providers and assist them to strengthen the quality and range of services offered. The USAID Agribusiness Project team will also identify opportunities for new ABDS providers, and assist promising entrepreneurs interested and willing in starting up new ABDS enterprises. USAID Agribusiness Project will focus on four primary areas of service delivery: technical services, including firms to adopt new technologies and practices to promote increased productivity and efficiency; management services to assist firms to develop business and operational plans, strategies, and new ways of working; financial services to train firms in accessing credit and managing their financial accounting systems; and marketing services to support firms in identifying and capitalizing on new market opportunities both at home and abroad and to finalize new sales. The Project will complement assistance to ABDS providers with technical assistance to the agribusinesses in accessing the financial institutions.

Objective 1.2 Indicators	Narrative Description
Number of Agribusiness Development Service (ABDS) firms benefiting directly from USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, and geographic region)	ABDS firms provide a range of services to firms and farmers, including technical assistance adopting new technologies and practices, management and financial consulting to strengthen business practices, and marketing assistance to promote client firm sales. This will measure the number of firms working with the project.
Number of new ABDS started with USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, and geographic region)	In areas where agribusiness development service firms do not exist, USAID Agribusiness Project will assist partners to identify market opportunities for starting up new ventures that respond to local business needs. This will measure new ABDS firm creations.
Total dollar value of new revenues generated from ABDS providers as a result of USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, type of service, and geographic region)	ABDS providers will be sustainable when they are able to identify and offer a range of in-demand services that firms are willing to pay for. USAID Agribusiness Project will only count new revenues for this indicator to account for the direct contribution that USAID Agribusiness Project activities make.
Client satisfaction rating by firms of the availability and quality of agribusiness development services by region (disaggregated by the gender of owner or general manager, type of firm, and geographic region)	Client satisfaction measures are useful for gauging, from the perspective of different beneficiary groups, the value and impact of assistance. Client satisfaction is measured on a five point scale, and clients are asked to rate each type of service provided (training, technical assistance, marketing, advocacy, etc.), and to provide an overall summary score (1 to 5) on their overall satisfaction with the package of services received. With these ratings, USAID Agribusiness Project will be able to assess to what extent the team is adeptly identifying unmet needs and assisting the private sector respond to these needs.
Number of producers/ processors who have received credit as a result of Project assistance (disaggregated by the gender of borrower, lending institution, sub-sector, and geographic region)	Access to financial services is critical to assisting farmers and firms to make investments in their businesses. USAID Agribusiness Project will provide technical assistance to farmers and firms, and promote the loans to the agricultural sector.
Total dollar value of credits received by producers/ processors as a result of Project assistance (disaggregated by the gender of borrower, lending institution, sub-sector, and geographic region)	Access to financial services is critical to assisting farmers and firms to make investments in their businesses. By assisting financial service providers and training loan officers, USAID Agribusiness Project will strengthen the lending community's ability to make profitable loans to the agricultural sector.

***Objective 1.3: Encourage Youth Involvement in Agribusiness through the Youth Enterprise Program and Business Plan Competition***

It is a challenge to attract and retain Serbian youth in agriculture and agribusiness. The Youth Enterprise Program intends to address this issue by encouraging youth participation in the Agribusiness Project through exchanges and networking opportunities with international universities and organizations, and the development of a 4H program and Young Serbian Farmers’ Association. The Business Plan Competition will, in turn, provide promising young entrepreneurs with assistance to develop business and investment plans and startup and expansion grants.

Objective 1.3 Indicators	Narrative Description
Number of Business Plan Competition winners (disaggregated by the gender of owner or general manager, and geographic region)	The Business Plan Competition will provide an impetus to young entrepreneurs <sup>1</sup> to refine their business ideas and acquire the capital necessary to make it happen. There will be approximately one competition per year and most likely none in year five.
Number of youth-led businesses participating in USAID Agribusiness Project (disaggregated by the gender of owner or general manager, sub-sector, and geographic region)	In addition to the winners of the Business Plan Competition, USAID Agribusiness Project will provide assistance to young farmers/entrepreneurs within the selected sub-sectors; this assistance will include technical assistance, training programs, management capacity building, grants (other than the Youth Enterprise Grants), market study tours and fairs, etc.
Number of youth-led successful/operational businesses initiated thanks to USAID Agribusiness Project (disaggregated by the gender of owner or general manager, sub-sector, and geographic region)	USAID Agribusiness Project will establish a record of successful youth-led businesses initiated thanks to the Project. Youth/Gender Director and M&E/Grants Department will determine an appropriate mechanism to measure successfulness of the youth-led businesses supported through the Project, which will include, but not limited to: governance, management practices, human resources, financial resources, service delivery, external relations, advanced technology implementation, sustainability, etc.

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<sup>1</sup> Young entrepreneurs are defined as young adults between the ages of 15-24.

## USAID Serbia Agribusiness Project – Year Four Annual Workplan

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### ***Objective 1.4: Increase Value-Chain and/or Cluster Competitiveness***

USAID Agribusiness Project will utilize the grants and technical assistance to promote the project’s objectives of rapid, sustained, broad-based economic growth. These activities will be leveraged to address market failures hindering firms from investing in new technologies, international food safety and quality standards, expanding their facilities, or purchasing services.

Objective 1.4 Indicators	Narrative Description
Number of farmers and firms accessing new technologies that enhance productivity, production, and quality with the support of Investment Incentives Grants (disaggregated by the gender of owner or general manager, type of technology, and geographic region)	USAID Agribusiness Project will assist farmers and firms to buy down risk and take the opportunity to make investments that enhance their productivity and ultimately contribute to profitability by introducing a new technology. The leverage point for this assistance would be rather at the producer organizations or a sub-sector association’s level as to achieve a greater impact of such new technology. The goal will be to have as many producers as possible covered by a new technology.
Number of international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, Organic, etc.) introduced to and/or adopted by agribusinesses thanks to USAID Agribusiness Project (disaggregated by the sub-sector and the type of certificate)	USAID Agribusiness Project will develop technical assistance packages aimed at improving the level of productivity, reducing the cost of production, post-harvesting losses, improving product quality and marketability and improving farm enterprise management through introduction of international food-safety, management and quality standards.

## USAID Serbia Agribusiness Project – Year Four Annual Workplan

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### *Investment Incentive Grants to support Objectives 1.1, 1.2, 1.3 and 1.4*

USAID Agribusiness Project will utilize the Investment Incentive Grants to promote the project’s objectives of rapid, sustained, broad-based economic growth. These grants will be leveraged to address market failures hindering firms from investing in new technologies, expanding their facilities, or purchasing services. The Investment Incentive Grants program does not aim to displace the market or promote investments that would have been made, but rather to assist firms to buy down risk and take the opportunity to make investments that enhance their productivity and ultimately contribute to profitability.

Investment Incentive Grants Indicators	Narrative Description
Number of investment incentive grants disbursed under USAID Agribusiness Project including youth enterprise grants (disaggregated by the gender and age of grantee, type of grant, and geographic region)	It is envisioned that USAID Agribusiness Project will disburse a minimum of 10 grants per year to eligible firms who receive competitively awarded grants, plus project sponsored innovation grants. There are four award categories: 1) producer organization grants; 2) enterprise expansion grants; 3) agribusiness start up grants; and 4) youth enterprise grants.
Dollar value of investment incentive grants disbursed under USAID Agribusiness Project (disaggregated by the gender and age of grantee, type of grant, and geographic region)	All grants will be cost shared, requiring a minimum of 40% contribution in the case of start-up grants to 65% contribution for producer organization grants. Youth enterprise grants may receive up to 100% financing. The dollar value presented is an estimate; the actual value will be balanced with the enabling grants total.

## USAID Serbia Agribusiness Project – Year Four Annual Workplan

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### *Capacity Building Grants for Producer Organizations and ABDS Providers*

USAID Agribusiness Project will utilize the Capacity Building Grants to support non-profit and for-profit non-governmental producer organizations and ABDS providers as to improve their management and operational capacity. As for the specific activities, these grants will be used to support creation and capacity building of the targeted food industry associations and producer organizations to provide general benefit services. The grants will target the associations in the Project’s selected agriculture sub-sectors where there is strong commitment from the private sector stakeholders. USAID Agribusiness Project will further utilize these grant funds to assist ABDS providers to strengthen their operations and promote the establishment of new ABDS firms to provide in-demand services to firms along the value chain. USAID Agribusiness Project will focus on four primary areas of service delivery: technical services, management services, financial services and marketing.

Capacity Building Grants Indicators	Narrative Description
Number of capacity building grants disbursed under USAID Agribusiness Project (disaggregated by the type of grantee, and the purpose of a grant)	As for the specific activities, these grants will be used to support creation and capacity building of the targeted food industry associations, producer organizations and ABDS providers to provide general benefit services and technical assistance to the beneficiaries. These associations and organizations can be at a national level, or at a regional level, depending on the concentration of the industry in the region and the activities performed by the association. The grants will not cover any operating expenses for established associations, but will focus on building the capacity of the associations to carry out their functions e.g. agriculture extension services, business advisory, financial management consulting, joint sales, etc.
Dollar value of capacity building grants disbursed under USAID Agribusiness Project (disaggregated by the type of grantee, and the purpose of a grant)	The dollar value presented is an estimate, which needs to be balanced with the Investment Incentive Grants.

**Component 2: Improved Enabling Environment for Serbian Agribusiness**

***Objective 2.1: Improve Crop and Livestock Production Estimates and Market Price and Environment Information***

An accurate, user friendly, up to date, and widely available agricultural management information system is a critical component to assisting Serbian farmers and businesses to make production, pricing, and marketing decisions. USAID Agribusiness Project will work with the MAFWM and Bureau of Statistics to improve data collection and dissemination procedures and to strengthen the capacity of producers and firm managers to utilize production and price information when making business decisions.

Objective 2.1 Indicators	Narrative Description
Reliable crop/livestock production, in-country consumption and market price information system operating within the MAFWM	The MAFWM and Bureau of Statistics currently operate STIPS, a market information system that could be strengthened with more consistent data collection methodologies and an expansion of the type of data collected (in-country supply and demand balances per commodities, international trade data and data on external reference prices). System must be user friendly and enable more producers and enterprises to "make better business decisions." This indicator will measure the quality impact through an annual or semi-annual client satisfaction survey.
Surveys of USAID Agribusiness Project’s focal sub-sectors implemented in conjunction with the MAFWM and with FAO support	A national agricultural census has not been carried out in 10 years. USAID Agribusiness Project will assist the MAFWM to carry out discrete studies on each of the sectors that USAID Agribusiness Project is working on that is congruent with the Serbian Agricultural Strategy to ensure better baseline information for each of the sub-sectors or specific agricultural issues.
Number of producers, firms and producer organizations trained in the use of market information, production and in-country consumption data for strategic planning, farm management, and business decision making (disaggregated by the gender of trainee, type of training, and geographic region)	A market information system is only valuable if users are trained in how to access and use the information in the system to make better business decisions. The producer organizations will be the primary target for training, since they can further extend accrued knowledge. Training outcome will be measured not only by the number of associations/producers trained, but also by the number of seminars/workshops organized.
Introduction of an operational Environmental Information System (EIS)	The Environmental Protection Agency of Republic of Serbia, registered as National Reference Center for Agriculture by European Environment Agency is going to establish an Environmental Information System to collect, assess and analyze environmentally-related data at national and regional levels. The goal is to provide access to sound, science-based information necessary for implementation of the environmental principles among producers, ABDS providers and policymakers. The system will facilitate efficient control, monitoring, planning, audit and review of the activities in the agricultural sector. Thanks to the system’s parameters related to the data about land quality, usage of agricultural inputs and agro-chemicals (fertilizer and pesticides), population, labor force, macro-economic aggregates and development assistance, all agricultural stakeholders will have access this kind of data, which do not exist at the moment. USAID Agribusiness Project will measure qualitative impact of this system through an annual or semi-annual client satisfaction survey.

## USAID Serbia Agribusiness Project – Year Four Annual Workplan

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### ***Objective 2.2: Promote Legal, Policy and Regulatory Reform***

USAID Agribusiness Project will support legal, policy and regulatory reform efforts that directly impact agribusiness competitiveness. In this context, USAID Agribusiness Project shall focus on working through local counterparts, such as the Standing Conference of Towns and Municipalities (SCTM), the National Alliance for Local Economic Development (NALED), local advocacy groups, cooperatives, business and industry associations to effect policies and procedures. USAID Agribusiness Project shall also support specific public/private initiatives to improve the application of key laws, institutions and policies related to agribusiness competitiveness, and the formulation and application of international policies such as agriculture-related EU and WTO agreements.

Objective 2.2 Indicators	Narrative Description
Number of strategy papers prepared on policy related issues as a result of USAID Agribusiness Project activities (disaggregated by the type of reform/policy, EU and/or international principles and rules, and sub-sector).	USAID Agribusiness Project has already identified a number of policy areas that need to be addressed by the Government in order to expand economic growth in the agricultural sector. Others will arise during the Project activities. Strategy papers addressing the policy related issues for the purpose of ensuring compliance with the EU regulations will be of primary interest for the USAID Agribusiness Project. The Project expects to provide its contribution, inter alia, in the following areas: food safety, plant health, veterinary matters, warehouse receipts, protection of plant varieties, development of cooperatives, etc.
Number of policy and regulatory reforms implemented as a result of USAID Agribusiness Project assistance (disaggregated by the type of reform/policy, EU and/or international principles and rules, and sub-sector).	This will be the numbers of laws or regulations adopted by the Government and/or Parliament and subsequently fully implemented.

### **Management of the PMP**

Slavenko Djokic, the Monitoring and Evaluation Specialist, in coordination with the COP, is responsible for implementing this plan. USAID Agribusiness Project will collect, analyze, and report on data via four primary methods: 1) project data collected by USAID Agribusiness Project staff and entered into DAI's Technical and Administrative Management Information System (TAMIS) on a daily basis or weekly in the case of some activities; 2) a quarterly client impact survey using the questionnaire developed by the Project's Grants/M&E staff; the first quarterly survey in the second year of the Project will be conducted in December 2009; 3) an annual client satisfaction and impact survey, using the questionnaire developed by the Project's Grants/M&E staff; and the survey conducted by using the OCAT; and 4) grantee reporting requirements that clearly link grant funding, dollar for dollar, to project results. On a quarterly basis in roundtable meetings with stakeholder groups, USAID Agribusiness Project will present progress against targets, request feedback on USAID Agribusiness Project performance and, on an annual basis, plan sector initiatives for the coming year in collaboration with Partners and USAID. This will provide important inputs for USAID Agribusiness Project's Annual Workplan.

### **Technical Assistance Management Information System**

On a daily basis (weekly in the case of some activities), USAID Agribusiness Project staff will be required to enter all project activities into TAMIS. DAI's TAMIS integrates workplan management, impact and performance monitoring, and project administration into one easy-to-use information system customized to the details of the annual workplans developed for USAID Agribusiness Project. In addition to specifying, tracking, and timing resource allocation, TAMIS will compile and sort information pertinent to each task. The key to the efficiency of TAMIS is that all data and information required for implementation and monitoring are entered only once by staff into a single database as part of routine work, eliminating the need for separate monitoring efforts. TAMIS provides up-to-date implementation information that:

- Tracks workplan progress toward agreed upon milestones and implementation, including records of meetings, assignment of follow-up actions, and schedules for training and workshops;
- Tracks grants;
- Monitors performance of partners—farmers, producer groups, agribusinesses, associations—against established performance indicators;
- Reports progress by region or specific site by linking the TAMIS databases to a Geographical Information System. This enables us to be readily able to provide maps and other graphics that help our partners visualize performance and impact of USAID Agribusiness Project and our partners.
- Monitors achievement of performance indicators used to meet USAID/Serbia's objectives; and
- Generates reports and documentation required under the F-Process.

The performance monitoring and evaluation module is an integral component of TAMIS and will allow continual status updates on progress made on performance milestones and indicators that contribute to USAID/Serbia's objectives. Through the Internet, USAID/Serbia can monitor progress on a regular basis without lengthy and burdensome reporting requirements. Moreover, as the project evolves and participants' information requirements change, further adaptation of the system can be made.

### **Quarterly and Annual Client Surveys**

Client impact and satisfaction surveys are efficient tools for measuring results and getting feedback from our primary partners: businesses and farmer organizations. **Client impact** surveys can be done cost effectively and efficiently, yielding rich information for USAID and USAID Agribusiness Project management. For the quarterly income and sales surveys, data can be collected in approximately two weeks, while the annual larger impact and satisfaction surveys will entail around one month of data collection for a sample set of firms and organizations across the country. Technical Advisors and Sub-sector Leads will advise Monitoring and Evaluation Team about the firms and organizations that should be covered by the survey for each quarter. These types of surveys enable project management and USAID to collect quantitative data on production and income changes, as well as qualitative success stories useful for sharing results to a wider audience. Firms will be obligated to share sales data (emphasizing that the identity of each firm will remain confidential) as part of the agreement to work with the Project.

**Client satisfaction** measures are useful for gauging, from the perspective of different beneficiary groups, the value and impact of assistance. Client satisfaction is measured on a five point scale, from 1 = extremely dissatisfied to 5 = extremely satisfied. Clients are asked to rate each type of service provided (training, technical assistance, marketing, advocacy, etc.), and to provide an overall summary score (1 to 5) on their overall satisfaction with the package of services received. USAID Agribusiness Project will therefore be able to report on client satisfaction by each type of service as well as overall satisfaction with the program as a whole (for example, USAID Agribusiness Project can calculate the percentage of firms report that they are extremely satisfied with the training that they have received, and the percentage that are extremely satisfied overall). With these ratings, USAID Agribusiness Project will be able to assess to what extent the team is adeptly identifying unmet needs in communities and assisting the private sector respond to these needs.

The **Organizational Capacity Assessment Tool (OCAT)** has been a critical tool used by DAI to implement development programs across the globe. This instrument, based on the version developed by PACT, measures change over time within organizations. It measures an organization's relative strengths and weaknesses, and provides baseline information needed to develop capacity building activities. Through OCAT, specific interventions can be tailored to each organization, strengthening its capacity over time, and providing the means to measure progress. OCAT has been used by DAI to assess various types of organizations (with modification) including agricultural producer organizations, other NGOs, local government offices/ministries, and commercial enterprises, and it is adjusted to serve the needs of USAID Agribusiness Project in Serbia. The tool measures each organization across 7 variables: 1) Internal Governance; 2) Management Practices; 3) Human Resources; 4) Financial Resources; 5) Service Delivery; 6) External Relations; and 7) Sustainability. Each dimension is scored along a 5-point scale, where 1 = needs urgent attention to 5 = strong, needs maintaining. Then all the dimension totals will be added together to get the response entities' final score for the year. We expect newly formed organizations to begin with a baseline of 7, and by the second year of assistance to achieve a minimum score of 15. A strong producer organization in Serbia should score between 25 and 30; top performers should exceed 30 (with a maximum possible score of 35).

## **Grants Monitoring**

Cost-share Investment Incentive grants are an important component of USAID Agribusiness Project activities to demonstrate new technologies to farmers, firms, and associations, promote innovation, reduce risk, and stimulate new investments, each of which will be designed to improve production, reduce costs, increase income, and/or increase sales. The Capacity Building Grants for Producer Organizations and ABDS Providers are designed to support non-profit and for-profit non-governmental producer organizations and ABDS providers as to improve their management and operational capacity. As for the specific activities, these grants will be used to support creation and capacity building of the targeted food industry associations and producer organizations to provide general benefit services. The grants will target the associations in the project's selected agriculture sub-sectors where there is strong commitment from the private sector stakeholders. Every grant will therefore be selected with the perspective of how this grant will directly link to the previously defined competitiveness-related results. As part of the reporting process, each grant rationale will include a section clearly outlining what result will be achieved via this grant, and each grant should be divided into two or more tranches, with grantees required to demonstrate progress in implementation in order to receive the entire grant amount. Grantees themselves will thereby be part of the performance monitoring plan, as they will be required to report on periodic and final results of each grant dollar spent. This data will be fed into TAMIS, easily accessible for USAID Agribusiness Project and USAID management.

These methods of data collection will enable USAID Agribusiness Project staff to report to USAID the USG's return on investment: total sales generated as a result of project activities will be calculated and reported on annually basis following the results of the client satisfaction and impact survey. Additionally, when requested, USAID Agribusiness Project will produce and submit to USAID and relevant stakeholders brief success stories documenting interventions, innovations, and expansion where these could be of use in Serbia or elsewhere.

USAID Agribusiness Project- USAID Standard Indicators									
No.	Performance Indicator	Methodology (data source)	Responsible Party	Baseline	2008	2009	2010	2011	2012
1	Percent change in value of international exports of targeted agricultural commodities as a result of USG assistance	National statistics	N/A	Agricultural export of targeted agricultural commodities in 2007	15% (over baseline)	15% (over previous year)			
2	Number of producer organizations, water user associations, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	Project data input into TAMIS	M&E/Grant Manager	N/A	15	30 (cumulative)	40 (cumulative)	45 (cumulative)	50 (cumulative)
3	Number of agriculture-related firms benefiting directly from USG supported interventions	Project data input into TAMIS	M&E/Grant Manager	N/A	30	85 (cumulative)	100 (cumulative)	125 (cumulative)	150 (cumulative)

**NOTE:** Projections on percent changes in value of international exports of targeted agricultural commodities are given based on *Projections of the basic macroeconomic indicators: 2008 - 2011*, a document issued by the Government of Serbia in May 2008. However, the targets shall be projected for each year over the life of the project and may be revised on an annual basis if economic conditions justify it.

**USAID Serbia Agribusiness Project – Year Four Annual Workplan**

USAID Agribusiness Project- Overarching Project-Level Indicators										
No.	Performance Indicator	Disaggregated by:	Methodology (data source)	Responsible Party	Baseline	2008	2009	2010	2011	2012
1	Percent change in agricultural GDP	N/A	National statistics	N/A	2007 Ag GDP: \$4.25 B	0.5% (over baseline)	1% (over baseline)	3% (over baseline)	6% (over baseline)	10% (over baseline)
2	Percent change in the value of agricultural exports	<ul style="list-style-type: none"> <li>Export market</li> <li>Commodity</li> </ul>	National statistics	N/A	2007 Ag Exports: \$1.69 B	2% (over baseline)	4.5% (over baseline)	7.5% (over baseline)	11% (over baseline)	15% (over baseline)
3	Actual increase in employment in agricultural processing and services	<ul style="list-style-type: none"> <li>Region</li> <li>Gender of new employees</li> <li>Type of firm</li> <li>Type of employment</li> </ul>	Client Impact Survey designed and implemented by the M&E/Grant Department including data validation and reporting	M&E/Grant Manager	0	200 persons	1,000 persons (cumulative)	3,000 persons (cumulative)	6,000 persons (cumulative)	10,000 persons (cumulative)
4	Dollar value change in agricultural product sales of USAID Agribusiness Project beneficiaries	<ul style="list-style-type: none"> <li>Region</li> <li>Commodity</li> </ul>	Client Impact Survey designed and implemented by the M&E/Grant Department including data validation and reporting	M&E/Grant Manager	0	\$3 M in Year 1	\$7 M in Year 2	\$12 M in Year 3	\$20 M in Year 4	\$30 M in Year 5

**NOTE:** Projections on percent changes in agricultural GDP and exports are given based on *Projections of the basic macroeconomic indicators: 2008 - 2011*, a document issued by the Government of Serbia in May 2008, and the Task Order. The targets for Overarching Project-Level Indicators for 2012 as set in the Task Order shall remain unchanged. However, the targets shall be projected for each year over the life of the project and may be revised on an annual basis if economic conditions justify it.

# USAID Serbia Agribusiness Project – Year Four Annual Workplan

USAID Agribusiness Project – Component 1: Increased Efficiency and Competitiveness of Serbian Agribusiness										
No.	Performance Indicator	Disaggregated by:	Methodology (data source)	Responsible Party	Baseline	2008	2009	2010	2011	2012
1	Number of producer organizations assisted as part of the USAID Agribusiness Project <b>NOTE: USAID Standard Indicator</b>	• Region • Age of organization • Size (number of members) • Sub-sector • Type of Assistance	Project data input into TAMIS	Project staff	N/A	15	30 (cumulative)	40 (cumulative)	45 (cumulative)	50 (cumulative)
2	Number of new members joining USAID Agribusiness Project-assisted producer organizations	• Gender • Region	Project data input into TAMIS	Project staff	N/A	250 total new members (annually)	500 total new members	3,000 total new members	5,000 total new members	6,000 total new members
3	Total dollar value of member sales through USAID Agribusiness Project-assisted producer organizations	• Gender • Domestic/ international	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	\$300K sales in year 1	\$1M sales in year 2	\$2M sales in year 3	\$5M sales in year 4	\$10M sales in year 5
4	Average score of assisted producer organizations on the Organizational Capacity Assessment Tool	N/A	<i>Annual or semi-annual survey</i> conducted based on the Organizational Capacity Assessment Tool	M&E/Grants Manager		2.42		3	3	4
5	Number of Agribusiness Development Service (ABDS) firms benefiting directly from USAID Agribusiness Project	• Gender of owner/ manager • Type of ABDS • Region	Project data input into TAMIS	M&E/Grants Manager	N/A	20 firms	40 firms (cumulative)	60 firms (cumulative)	80 firms (cumulative)	100 firms (cumulative)
6	Number of new ABDS started with assistance of USAID Agribusiness Project	• Gender of owner/ manager • Type of ABDS • Region	Project data input into TAMIS	M&E/Grants Manager	N/A	1	3 (cumulative)	8 (cumulative)	15 (cumulative)	25 (cumulative)
7	Total dollar value of new revenues generated from ABDS providers as a result of USAID Agribusiness Project	• Gender of owner/ manager • Type of ABDS • Type of service • Region	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	\$50,000 in sales in year 1	\$100,000 in sales in year 2	\$200,000 in sales in year 3	\$350,000 in sales in year 4	\$600,000 in sales in year 5
8	Client satisfaction rating by firms of the availability and quality of agribusiness development services by region	• Type of firm • Gender of owner/manager • Region	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	4	4	4	4	4
9	Number of producers/ processors who have received credit as a result of USAID Agribusiness Project	• Gender of borrower • Region • Lending institution • Sub-sector	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	20	50 (cumulative)	80 (cumulative)	120 (cumulative)	180 (cumulative)
10	Total dollar value of credits received by producers/processors as a result of USAID Agribusiness Project	• Gender of borrower • Region • Lending institution • Sub-sector	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	\$160,000 in year 1	\$240,000 in year 2	\$240,000 in year 3	\$320,000 in year 4	\$480,000 in year 5
11	Number of farmers and firms accessing new technologies with the support of USAID Agribusiness Project	• Firm/ farm • Type of technology • Gender of owner/manager • Region	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	100	250 (cumulative)	500 (cumulative)	750 (cumulative)	1000 (cumulative)
12	Number of international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, Organic, etc.) introduced to and/or adopted by agribusinesses thanks to USAID Agribusiness Project	• Subsector • Certificate	Project data input into TAMIS	M&E/Grants Manager	Results of the activities conducted in 2008-2009 will be used as a baseline		TBD	TBD	TBD	TBD
13	Number of Youth Business Plan Competition winners	• Gender of owner/manager • Region	Project data input into TAMIS	Youth/Gender Director	N/A	10 per annum	12 per annum	15 per annum	15 per annum	No competition
14	Number of youth-led businesses participating in USAID Agribusiness Project-funded activities, i.e. number of youth who have received the Project's assistance	• Gender of owner/manager • Sub-sector • Region • Type of Assistance	Project data input into TAMIS	Youth/Gender Director	N/A	20 per annum	25 per annum	30 per annum	30 per annum	5 per annum
15	Number of youth-led successful/operational businesses initiated thanks to USAID Agribusiness Project	• Gender of owner/manager • Sub-sector • Region	Project data input into TAMIS	Youth/Gender Director	N/A	10	22 (cumulative)	37 (cumulative)	52 (cumulative)	57 (cumulative)
16	Number of Investment Incentive Grants (including Youth Enterprise Grants) disbursed under USAID Agribusiness Project	• Gender and age of grantee • Type of grant • Region	Project data input into TAMIS	M&E/Grants Manager	N/A	N/A	35 per annum	55 per annum	40 per annum	10 per annum
17	Dollar value of Investment Incentive Grants (including Youth Enterprise Grants) disbursed under USAID Agribusiness Project	• Gender and age of grantee • Type of grant • Region	Project data input into TAMIS	M&E/Grants Manager	N/A	N/A	700,000 per annum	700,000 per annum	500,000 per annum	100,000 per annum
18	Number of Capacity Building Grants disbursed under USAID Agribusiness Project	• Type of organization • Purpose	Project data input into TAMIS	M&E/Grants Manager	N/A	N/A	25 per annum	20 per annum	15 per annum	5 per annum
19	Dollar value of Capacity Building Grants disbursed under USAID Agribusiness Project	• Type of organization • Purpose	Project data input into TAMIS	M&E/Grants Manager	N/A	N/A	\$300,000 per annum	\$300,000 per annum	\$200,000 per annum	\$100,000 per annum

## USAID Serbia Agribusiness Project – Year Four Annual Workplan

USAID Agribusiness Project - Component 2: Improved Enabling Environment for Serbian Agribusiness										
No.	Performance Indicator	Disaggregated by:	Methodology (data source)	Responsible Party	Baseline	2008	2009	2010	2011	2012
1	Reliable crop/livestock production and market price information system operating within the Ministry of Agriculture	• Subsector	Annual or semi-annual survey on client satisfaction designed and implemented by M&E/Grants Department and Policy Specialist, including data validation and reporting	Policy Specialist and M&E/Grants Manager		2.57		3	3	4
2	Surveys of USAID Agribusiness Project's focal sub-sectors implemented in conjunction with the MAFWM and with FAO support	• Subsector	Project data input into TAMIS/Data from partner organizations	Policy Specialist	N/A	1 per annum	2 per annum	2 per annum	2 per annum	1 per annum
3	Number of producers and firms trained in the use of market information & production data	• Gender • Firm/producer • Type of training • Region	Project data input into TAMIS	Policy Specialist	N/A	25	75 (cumulative)	150 (cumulative)	200 (cumulative)	225 (cumulative)
5	Introduction of an operational Environmental Information System (EIS)	N/A	Annual or semi-annual survey on client satisfaction designed and implemented by M&E/Grants Department and Environmental Engineer, including data validation and reporting	Environmental Engineer and M&E/Grants Manager	No system in place		TBD	TBD	TBD	TBD
4	Number of strategy papers prepared on policy related issues as a result of USAID Agribusiness Project activities	Type of reform*	Project data input into TAMIS and data from partner organizations	Policy Specialist	N/A	2	6 (cumulative)	9 (cumulative)	11 (cumulative)	12 (cumulative)
6	Number of policy reforms implemented as a result of USAID Agribusiness Project	Type of reform*	Official Gazette of the RS (Serbian trade magazines and newspapers, GOS & Ministry data)	Policy Specialist	N/A	1 per annum	1 per annum	1 per annum	1 per annum	1 per annum
7	Number of Project Activities i.e. training programs, trade fairs, seminars, studies and workshops, to enhance delivery of public goods	• Type of Project Activity • Beneficiary/Type of Organization • Purpose	Project data input into TAMIS	Operations Director	N/A	N/A	approx. 30 per annum	approx. 30 per annum	approx. 20 per annum	approx. 5 per annum
8	Dollar value of Project Activities training programs, trade fairs, seminars, studies and workshops to enhance delivery of public goods	• Type of Project Activity • Beneficiary/Type of Organization • Purpose	Project data input into TAMIS	Operations Director	N/A	N/A	\$800,000 per annum	\$800,000 per annum	\$500,000 per annum	\$100,000 per annum

\* Types of reform are described in the PMP (reforms to address EU & International rules and procedures)



**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Year Four Annual Workplan**

**October 1, 2010 – September 30, 2011**

## **Annex II – Project Grants Manual**

**Last Update: September 15, 2010**

**Grants Manual**  
**USAID Agribusiness Project in Serbia**  
Last Update: September 15, 2010

**USAID Agribusiness Project**  
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# USAID Agribusiness Project in Serbia Grants Manual

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## List of Acronyms

ADS	Automated Directive System, which is the official written guidance for USAID procedures.
APS	Annual Program Statement
Closeout	The process of documenting the grant files to verify that all performance, reporting, and financial obligations of a grantee have been completed.
CFR	Code of Federal Regulations. The applicable CFR sections for this grant program are: 22 CFR Part 226.21 through 226.90 Administration of Assistance Awards to U.S. Non-Governmental Organizations, as applied and applicable to U.S. and non-U.S. recipients.
COP	Chief of Party
CTO	USAID Cognizant Technical Officer
DAI	Development Alternatives, Inc.
FOG	Fixed Obligation Grant
LSGA	Limited Scope Grant Agreement
NGO	Non-Governmental Organization
USAID	United States Agency for International Development

## 1. GENERAL DESCRIPTION OF PROJECT

USAID Agribusiness Project is authorized in accordance with the U.S. Foreign Assistance Act and USAID under task order #EDH-I-00-05-00004-00.

The overall objective of the USAID Agribusiness Project is: “Increased value of Serbian agricultural product sales, and increased agricultural employment.” The USAID Agribusiness Project will achieve this objective by increasing the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in the high-potential sectors identified during the sector selection and analysis, and upon USAID’s approval. These agribusiness enterprises will be assisted to take advantage of emerging opportunities in domestic, regional and international markets.

Increased efficiency and competitiveness of Serbian agribusinesses in selected high-potential sectors will be achieved through the range of activities specifically seeking to increase the competitiveness of input suppliers, producers, processors and wholesalers in domestic, regional and international markets by increasing their access to agribusiness development services. The USAID Agribusiness Project will help these agribusiness enterprises build and improve their business and production, financial and technical management skills to identify markets; to access financing, and negotiate and fulfill contracts and purchase agreements.

Increasing Serbian agribusiness competitiveness, however, requires a positive enabling environment, which includes favorable legislation and policies, as well as effective provision of essential agribusiness extension services such as market information, annual agriculture production estimates, animal and plant health and food safety, as well as regulatory oversight e.g. licensing, labeling, standards, product certification, etc. The USAID Agribusiness Project will engage available resources to encourage and facilitate public-private collaboration as to improve the agricultural information dissemination, support legislative, policy and regulatory reform efforts.

To achieve all these goals, the USAID Agribusiness Project will deliver technical assistance, education and grants to facilitate increased enterprises’ efficiency and competitiveness all along the agriculture production, processing and marketing value chains. Achievement of the core objectives of the USAID Agribusiness Project will be primarily measured by increases in:

- Agricultural GDP;
- The total value of agricultural exports; and
- Employment in agricultural processing and services.

## **2. GRANTS PROGRAM**

### **2.1 Objectives**

The USAID Agribusiness Project will utilize the \$3 million Grants Program to augment the project's objectives and to support activities emerging from the value chain assessments and the selected sub-sector strategies.

The Grants Program shall be administered in accordance with provisions contained in ADS, Section 302.5.6, "Grants Under Contracts," ADS Chapter 303, "Grants and Cooperative Agreements to Non-Governmental Organizations," and/or within the terms of the USAID Standard Provisions applicable to Non-U.S. Non-Governmental Recipients. Information on these provisions can be accessed through the USAID external website at [www.info.usaid.gov](http://www.info.usaid.gov) "Business & Procurement" section.

The value of any individual grant to any organization/project's beneficiary shall not exceed \$100,000, and it should be fully disbursed within one year of grant award.

In corresponding to the core objectives of the USAID Agribusiness Project to increase the efficiency and competitiveness of Serbian agribusinesses, the following three major grant components are envisioned:

1. Investment Incentive Grants
2. Capacity Building Grants for Producer Organizations and ABDS Providers
3. Youth Grants

The purpose of this updated version of the Grants Manual is to provide specific implementation guidance for the Grants Program effective October 1, 2009 i.e. awarding, administering and monitoring grants, as to ensure that the Grants Program is managed in a consistent and efficient manner, programmatic impact is maximized and objectives are achieved.

The policies and procedures contained in this Manual may be subject to change, with approval of USAID. Any questions regarding the grant policies and procedures should be directed to the USAID Agribusiness Project Grants Manager.

### **2.2 Grants Program Components**

#### **2.2.1 Investment Incentive Grants**

Investment Incentive Grants are designed to increase the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in high-potential sectors by leveraging private investment in infrastructure, technology, value-added processing, and marketing by producer organizations, agribusiness firms, and ABDS providers in selected sectors.

Investment Incentive Grants would normally complement technical assistance and education, and may include such things as machinery and equipment, construction and/or rehabilitation of packing plants and cold storage units, irrigation systems, green house technology, marketing material, information / communications technology (ICT), or other items or services that have the ability to significantly advance a sector, sub-sector, or enterprise cluster from one stage of competitive

development to another. Investment Incentive Grants shall target producer organizations, ABDS providers and private enterprises; and shall not favor one producer or business interest over another.

Pursuant to the recommendations provided by Mr. Gary Kilmer, Principal Development Specialist of DAI, pertaining to the original voucher grant award category within the Investment Incentive Grant component, USAID Agribusiness Project has decided to change its approach, and to strengthen the ABDS delivery within the grant components described herein. Such approach will be both more cost effective and more appropriate than implementing a stand alone “voucher” program, which in its traditional form is more appropriate for providing standardized low cost services to a large number of micro and very small businesses.

### 2.2.2 Capacity Building Grants for Producer Organizations and ABDS Providers

*Capacity Building Grants for Producer Organizations and ABDS Providers* are designed to support non-profit and for-profit non-governmental producer organizations and ABDS providers as to improve their management and operational capacity. As for the specific activities, these grants will be used to support creation and capacity building of the targeted food industry associations and producer organizations to provide general benefit services. These associations and organizations can be at a national level, or at a regional level, depending on the concentration of the industry in the region and the activities performed by the association. The grants will target the associations in the project’s selected agriculture sub-sectors where there is strong commitment from the private sector stakeholders.

The grants will not cover any operating expenses for established associations, but will focus on building the capacity of the associations to carry out their functions e.g. agriculture extension services, business advisory, financial management consulting, joint sales, etc.

However, for brand new associations, the grants could cover up to one year of operating funding (essentially a pilot phase), while they are getting established and building up their track record, with a strong commitment from the association members to cover the expenses in the period after first year e.g. a five-year operational plan accepted by all association’s members or similar.

These funds will also be used to support food industry associations and local firms to participate in national and regional agricultural trade shows and fairs, and the study tours. The funds will be used to cover the costs of the preparatory training programs for participants, as well as preparation of the marketing material, business-to-business meetings around the fairs, etc. These funds shall not be used to cover lodging, travel and per-diem expenses for the trade fair participants; however, the funds may be used to cover up to 70% of such costs for study tours.

USAID Agribusiness Project will utilize these grant funds to assist ABDS providers to strengthen their operations and promote the establishment of new ABDS firms to provide in-demand services to firms along the value chain. USAID Agribusiness Project will focus on four primary areas of service delivery: technical services, including firms to adopt new technologies and practices to promote increased productivity and efficiency; management services to assist firms to develop business and operational plans, strategies, and new ways of working; financial services to train firms in accessing credits and managing their financial accounting systems; and marketing services to support firms in identifying and capitalizing on new market opportunities both at home and abroad and to finalize new sales.

### 2.2.3 Youth Enterprise Grants Program

*Youth Enterprise Grants Program* is designed to encourage and promote youth entrepreneurship by supporting youth enterprise clubs, and using informal education approaches to provide practical skill training in agribusiness development and management. The program is intended to introduce young people (general age range is from ages 15-24) to agribusiness technical, financial, and business management principles.

Youth Enterprise Grants are made on a competitive basis. The idea is to invite youth through a public Request for Application (RFA) to submit original business ideas and creative business solutions in the form of an abbreviated business concept paper (the USAID Agribusiness Project shall provide the application form) in a first phase competition.

Initial concept applications shall be subject to a panel review, which includes the USAID Agribusiness Project staff, as well as interested public, private and financial sector stakeholders and youth organizations, as an option. The most promising applications will be selected to receive individual technical assistance and mentoring to develop detailed business and investment plans.

These detailed plans will be submitted for final review at the panel, which will include USAID, in addition to the initial panel members. The winners of the competition will be rewarded with business startup grants.

Grants may not be disbursed until the business is registered, and may not exceed \$15,000 in amount. However, in this category grants may finance up to 100% of the total required investment.

The USAID Agribusiness Project will explore opportunities for leveraging Youth Enterprise Grant funds with the funds provided by Serbia National Employment Agency, National Investment Plan, etc. Whenever possible, USAID Agribusiness Project will award youth enterprise grants as to contribute to the competitiveness of the selected sectors.

Technical Assistance in this area shall include, but not be limited to, the following:

- Developing and implementing a youth agribusiness enterprise program, with participation and support from the agribusiness community;
- Developing a complementary youth agribusiness plan competition detailing procedures and criteria to be used in evaluating applications and making awards;
- Receiving and evaluating initial concept applications; selecting applicants to receive follow-on assistance; and providing advice and mentoring to selected applicants to finalize business plans;
- Evaluating, selecting, and mentoring youth grantees in business startup; and
- Exploring opportunities for other complementary activities, such as networking, international exchange, business sponsorship and scholarships.

The Youth Enterprise Grants Program will be managed by the USAID Agribusiness Project Youth/Gender Director.

### 2.3 Grant Terms

This section should define any particular grant terms as they pertain to the project. The following language may be used if relevant, or revised as necessary to fit project objectives.

USAID Agribusiness Project may not award any grant that exceeds 100,000 USD or for a period that extends beyond the estimated completion date of the USAID Agribusiness Project. The terms of all grants shall allow for an orderly close-out prior to the expiration date of the Contract.

Grant recipients will be local (Serbian) Non-U.S., Non-Governmental organizations, both for-profit and non-for-profit, e.g. producer organizations (farmer cooperatives and associations), business associations, professional organizations, research institutions, educational facility, agribusiness enterprises and individual firms engaged in agricultural input supply, processing, service provision, marketing, storage, branding, transport, etc. whose proposed activities meet the USAID Agribusiness Project's eligibility and evaluation criteria, as well as contribute to project results.

Grant recipients must be registered under Serbian law, and their organizational goals and objectives should be consistent with the objectives of USAID Agribusiness Project. However, certain capacity building grants for informal producer organizations aimed at improving their organizational and management capacity towards formal registration may be considered on an exceptional basis.

The following specific eligibility criteria shall apply to all potential grantees, with the exception to the youth enterprises:

- A sub-sector value chain actor(s) registered under Serbian law, and
- Demonstrated experience or capacity in the market- linkage capacity building or related activities or show evidence of institutional capability in the above said area, and/or
- Ability to obtain the necessary management competence in planning and carrying out assistance program, and/or
- Be an organization capable to practice cost sharing (matching) principle in cash or in-kind.

Single agriculture producer i.e. a small farmer, individuals, political organizations, foreign-owned and government institutions, and religious groups are not eligible for grants under the USAID Agribusiness Project without prior approval of USAID. Also ineligible are private agribusinesses and Non-Governmental organizations whose objectives are not consistent with the objectives of USAID Agribusiness Project that would be recommending the grant for approval.

All interest and other refunds by award recipients hereunder will be made to a special, non-commingled, interest-bearing account established by DAI (the "Separate Account"). DAI has no beneficial interest in any funds in the Separate Account. Funds in the Separate Account shall be paid annually to USAID, as directed by the CTO. At the conclusion of the Contract, any funds remaining in the Separate Account shall be returned to USAID and any interest shall be refunded to the U.S. Government.

Grants will be structured, timely, quantified, and, whenever possible, used in combination with and in order to leverage other financial resources, including cost-sharing with grantee funds and in-kind contributions. Additionally, grants:

- May be awarded for variable amounts but not to exceed \$100,000, and for variable periods not to exceed one year for small grants (or full justification is needed if extended beyond 12 months), or the task order completion date for standard grants;
- May come under one or multiple categories of assistance;
- May cover all or only a portion of specific activities or costs; and
- May be used to cover direct project costs such as honoraria, consulting fees, stipends, local travel and per diem, data collection, analysis, communication and document preparation, workshops, conference and training participation, equipment, and other

costs as may be approved; salaries, however, shall be provided only to those individuals directly involved in the research, study or other activity as approved by USAID

Cost-sharing or matching refers to that portion of project or program costs not borne by USAID Agribusiness Project. All contributions, including cash and in-kind contributions, are accepted as part of the recipient's cost-sharing or matching when they meet the criteria established in the standard provision governing recipient contributions. Grant cost-sharing must be in conformance with applicable USAID guidance: specifically, the Required as Applicable Standard Provision entitled "Cost Sharing." It is USAID's policy not to apply its source, origin, and nationality requirements or the "restricted goods" provision established in the Standard Provision entitled "USAID Eligibility Rules for Goods and Services" on cost-sharing amounts. In accordance with 22 CFR 226.24, program income may be used to finance the required cost-share portion of the grant award.

It is usually expected that the grantee will make some contribution to the activity for which they are seeking funding. This can be either in-kind (such as labor and materials) or cash. The purpose of the matching requirement is to leverage additional resources towards achieving the program's objectives and to give the grantee a stake in the outcome of the activity.

For the USAID Agribusiness Project, matching contributions in cash or in-kind from non-USAID sources should be minimum 30 percent of the value of the total activity being supported by the grant. For Youth Enterprise Grants, however, grants may finance up to 100% of the total required investment, as well as the grants aimed at enhancing delivery of public goods (e.g. certain Capacity Building Grants for Producer Organizations and ABDS Providers)

Where possible, USAID Agribusiness Project will assist the grantee to identify and facilitate cost sharing mechanisms. USAID Agribusiness Project will provide an accounting of the final value of the project and the percentage of overall project costs represented by grantee (or beneficiary) cash, labor, materials, equipment or support services, which will be included in the grant file. In cases where the Grantee (such as a local NGO) is implementing a project on behalf of the direct beneficiaries, then the Grantee, along with USAID Agribusiness Project assistance, should help the beneficiaries in identifying appropriate and reasonable cost sharing mechanisms. Further guidance on Cost Sharing can be found in ADS 303.3.10 (for information related to meeting cost sharing requirements, see ADS 303.3.10.4).

All grants awarded under the USAID Agribusiness Project's grant program shall include the following standard clause:

*The Contractor/Recipient is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the contractor/ recipient to ensure compliance with these Executive Orders and laws. This provision must be included in all sub-contracts/sub-awards issued under this subcontract/agreement.*

All grantees will be required to sign the following certificates attached as Annexes H, I, J and K:

- Certification Regarding Anti-Terrorism Financing
- Certification Regarding Debarment, Suspension and Other Responsibility Matters
- Certification Regarding Drug-Free Workplace Requirements
- Anti-Trafficking Activities

Support of international travel or the purchase of equipment having a useful life over one year and an acquisition cost of \$5,000 or more may be authorized as long as the applicable grant type and its applicable Standard Provisions will allow.

All grants must be fully consistent with the USAID Agribusiness Project's strategies and priorities. The USAID Agribusiness Project ensures adequate coordination with implementing partners and other donor-funded interventions to avoid duplication of effort.

## 2.4 Types of Grants and Applicable Conditions

There are six basic grant types: Simplified Grant, Fixed Obligation Grants (FOG), Standard Grant, In-Kind Grant, Grant to PIOs, and Limited Scope Grant Agreement (LSGA). The following three types of grants cut across recipient categories: Simplified, FOG and In-Kind. The descriptions in the sections below are aimed at helping project management to determine which format, given its associated requirements and parameters, is appropriate and practical for each grant activity.

The requirements for this type of award are contained in several applicable federal regulations and USAID administrative standards. These regulations include:

- Mandatory Standard Provisions for Non-U.S., Nongovernmental Recipients and Required as Applicable Standard Provisions for Non-U.S., Nongovernmental Recipients, <http://www.usaid.gov/policy/ads/300/303mab.pdf>
- ADS 303, <http://www.usaid.gov/policy/ads/300/303.pdf>;
- OMB Circular 122 "Cost Principles for Non-Profit Organizations," <http://www.whitehouse.gov/omb/circulars/a122/a122.html>;
- 22 CFR Part 226, in particular 226.20 through 226.28, <http://www.usaid.gov/policy/ads/cfr.html#22>;
- 22 CFR Part 226, on Source, Origin and Nationality, and
- Section 579 Reporting on Payment of Foreign Taxes, <http://www.usaid.gov/policy/ads/300/updates/iu3-0314.pdf>.
- FAR 31 Contract Cost Principles and Procedures

### 2.4.1 Simplified Grants

#### A. Overview

The simplified format is used only when the grant meets the following conditions (per ADS 303.3.24):

1. The total value of the grant does not exceed \$100,000 for U.S. organizations and \$250,000 for non-U.S. organizations;
2. All costs to be charged to the grant are identified in the grant text and do not include international airfares or indirect costs;
3. Any goods to be purchased by the grantee meet the rules governing local cost financing and geographic code and do not include ineligible or restricted goods, and no single item having a useful life of over one year and an acquisition cost of \$5,000 or more shall be purchased;
4. The grant includes language requiring the grantee to allow Contractor access to its records for up to three years, and that the grantee will refund to the Contractor any funds it received for any costs that did not meet the terms and conditions of the grant;
5. Sub agreements, if any, must meet the same conditions listed here for simplified format grants;
6. The grantee is required to sign the applicable certifications listed in ADS 303.3.8;

7. The recipient shall receive payments on a reimbursement basis (i.e., no advances are allowed); the grantee must also demonstrate adequate financial management capacity to be able to separately track all costs associated with the grant since the grant is cost reimbursable upon presentation of receipts;
8. No indirect costs are allowed.

In exceptional cases, the USAID Agribusiness Project may modify the format for simplified grants for non-U.S. organizations to include support of international travel (#2) or the purchase of equipment (#3), as long as the applicable standard provisions for those types of activities are attached to the grant award. An additional requirement for inclusion of international travel in the grant agreement is that it may only be included after prior consultation with the USAID Contracting Officer.

#### *B. Disbursement*

Simplified grants are cost reimbursable agreements whereby USAID Agribusiness Project will reimburse the grantee for costs. Because these are reimbursement agreements, the grantee will not receive payment until after presenting receipts showing actual costs. USAID Agribusiness Project will structure the payments so that there is no possibility of the grantee expending less than the amount received. Grantees may not receive more than 90% of the total budget amount prior to submission of the final program report, final financial report, and any required certifications. Upon submission of these documents, USAID Agribusiness Project will issue the final payment.

### 2.4.2 Fixed Obligation Grant

#### *A. Overview*

If appropriate, the USAID Agribusiness Project has the option of utilizing the fixed obligation grant format. This format allows for the award of a grant for very specific program elements without the requirement of the USAID Agribusiness Project monitoring of the actual costs subsequently incurred. It is intended to support specific projects where costs are certain, and where the accomplishment of grant "milestones" is readily discernible.

A discussion by the Grants Manager of the appropriateness of this type of grant and appropriate project milestones must be included in the documentation of the grant negotiations. Partial payments may be made upon demonstration of achieved results, and payment amounts should reflect the relative value of the benchmarks achieved. Payment is always made on a reimbursement basis, and upon completion of a milestone i.e., no advances are allowed.

#### *B. Fixed Obligation Format Requirements*

The Grants Manager must ensure the appropriateness of issuing a fixed obligation grant based on the following factors:

1. The grant meets the applicable conditions of the Simplified Grants listed under C.I.1 above;
2. Programmatic accomplishments or results are easily identified and quantified, and are established in grant milestones;
3. There is very limited risk that the project will undergo significant changes;
4. There is adequate cost information (historical or unit pricing) available to determine and negotiate the fixed price of the grant;
5. Negotiations ensure to the extent possible that the funds budgeted will be the actual cost of the effort and that no funds will remain upon completion of the project;

6. USAID Agribusiness Project must be satisfied that this type of grant fits within the objectives of the project, and USAID Agribusiness Project will not use it as an alternative way of awarding to a High Risk Grantee. The Grants Manager or his designee must include a discussion of the appropriateness of this type of grant in the Memorandum of Negotiation;
7. Grantees will be informed, through a clause in the grant format, of the right of USAID Agribusiness Project to terminate the grant in whole or in part, or suspend payments, should the grantee become insolvent during performance of the award;
8. At the end of the grant, grantees must certify in writing to USAID Agribusiness Project that the activity was completed. If the grantee cannot certify completion, or if USAID Agribusiness Project determines that the activity was not completed, it is expected to make appropriate refunds; and
9. While the grant is fixed price, the grantee must demonstrate adequate financial management capacity to be able to separately track all costs associated with the grant since the grant becomes directly reimbursable, if at any point the milestones are not fully completed.

C. *Fixed Obligation Grant Implementation Plan*

Once use of the fixed obligation grant format has been approved, a detailed implementation plan will be developed by the grantee, in collaboration with the USAID Agribusiness Project's grants or technical personnel, in order to finalize the milestones and budget. The implementation plan will include:

1. Result or results to be achieved (measurable goals);
2. Responsibilities and contributions of each party to the grant;
3. Well defined milestones and verification requirements for each achieved milestones (including analyzed costs);
4. Type of payment mechanism (in-kind or reimbursement payment to grantee) and payment amounts per milestone; and
5. Timelines for achievement of results and deliverables.

D. *Disbursement*

All disbursements under Fixed Obligation Grants will be made upon the submission of evidence that a milestone has been achieved. Such evidence may come in many forms, including a work-plan, a technical report, a financial report, meeting notes, the arrangement of specified logistics, the finalization of a list of training participants, the completion of a phase of an infrastructure project, etc. The following is an example of how a disbursement schedule might be structured under a Fixed Obligation Grant:

Example:	Community Awareness Campaign
Activity Goal:	Building community awareness of proper ways to identify and mitigate the spread of zoonotic disease
Budget:	\$7,500 USD

<b>Milestone</b>	<b>Description</b>	<b>Disbursement</b>
<b>1</b>	Work-plan drafted and approved	\$2,500
<b>2</b>	Packet of zoonotic disease awareness materials created for distribution to each household	\$1,500
<b>3</b>	Information packets printed and distributed	\$1,500
<b>4</b>	Community Round-tables held to discuss information and answer questions (four)	\$2,000 (\$500 per event)
		<b>\$7,500</b>

Discerning the milestones in FOGs is very important. While achievement of a milestone is necessary to trigger a disbursement, it is not necessary to make a disbursement for every milestone.

### 2.4.3 Blended In-Kind and Simplified Grants

In some circumstances, such as the Youth Grants, the USAID Agribusiness Project may elect to use an In-Kind disbursement. Goods and services will be purchased directly by USAID Agribusiness Project while working closely with the grantee and then delivered to the grantee or the grant activity. Procurement will be done in accordance with DAI's procurement regulations; purchase contracts with vendors will be co-signed by the grantees and USAID Agribusiness Project.

Such an approach can also be used when the Simplified Grant format is the most appropriate format overall, but the purchase of a single costly item inhibits the use of a Simplified Grant due to the fact that the grantee does not possess the cash on hand to make such a purchase. In this circumstance, USAID Agribusiness Project will proceed with the Simplified Grant while including a single In-Kind transfer under the auspices of the original grant. If the grantee receives such an In-kind transfer, the Standard Provision on Title to and Use of Property referred to above must be followed.

This type of grant will be appropriate when the grant includes an expensive piece of equipment or machinery. In the case that the grantee does not have sufficient capital to make this purchase and wait for reimbursement, USAID Agribusiness Project may choose to use an In-Kind disbursement for that particular item, while the grantee continues to seek reimbursement for other, smaller expenses under the same grant. In most cases, this mechanism may be used for Investment Incentive Grants that involve, Youth Enterprise Grants, given that these grantees are not likely to have large amounts of available capital.

## 2.5 Minimum Eligibility Criteria

Grants may be awarded on both a solicited and unsolicited basis. In order to meet minimum eligibility criteria for grant competition, proposals must:

1. Meet at least one of the USAID Agribusiness Project objectives and principles noted above under General Description of Project and the project-level indicators provided in the Performance Monitoring Plan.;
2. Contain expected outcomes and results consistent with and linked to USAID Agribusiness Project's objectives;

3. Be submitted by a Serbian organization (both for-profit and non-profit that is registered under Serbian law);
4. Contain evidence of a significant cost share commitment in most, but not all cases.

USAID Agribusiness Project staff (Grants Manager, Grant Advisor<sup>1</sup> and Finance Director) will screen all concept papers and applications to ensure compliance with all eligibility requirements prior to forwarding the materials as necessary.

## 2.6 Competition

The competition requirement is met when an announcement has been published according to the procedures outlined in this manual. Recommendations for awards are made following an impartial review and evaluation of all applications (See Section 3.4).

It is USAID Agribusiness Project's policy to ensure maximum competition by seeking applications from all eligible and qualified entities. Establishing a two or more tiered level of competition (i.e., prequalification round) is in keeping with this policy, as long as applications are reviewed in a fair manner at each level. Competition may also be limited to local or regional organizations for appropriate projects.

Exceptions to Competition. Competition is not required for the following categories of assistance awards, pending USAID authorization:

- **Amendments and follow-ons.** Amendments to existing awards or follow-on awards, either for the same activity or to further develop an existing assistance relationship, for amounts equal to or less than the original grant.
- **Unsolicited applications.** The application must be submitted solely on the applicant's initiative without any prior formal or informal solicitation. Awards may be made where the application clearly demonstrates a unique, innovative, or proprietary capability: represents appropriate use of project funds to support or stimulate a public purpose: and fits within an existing USAID Agribusiness Project strategic objective as determined by the Grants Manager along with the COP. The burden of proof that the application is indeed "unsolicited" (i.e., is submitted without prior formal or informal solicitation) rests with DAI and must be documented.
- **Exclusive or Predominant Capability.** Assistance awards for which one recipient is considered to have exclusive or predominant capability based on proprietary capability, specialized facilities, or technical expertise, or based on an existing unique relationship with the cooperating country or beneficiaries.
- **Small Awards.** Awards with an estimated total amount of \$100,000 or less and with a term of no more than one year. The award cannot be amended to add funds in excess of \$100,000 or extended beyond one year. The grant file must justify how the award meets the exception.
- **Critical Objectives of the Program.** When circumstances are determined to be critical to the objectives of the USAID Agribusiness Project, or when the non-provision of a specific grant would impede the achievement of the USAID Agribusiness Project's

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<sup>1</sup> Technical Specialists and/or Sector Leads

results and/or the fulfillment of U.S. foreign assistance objectives, USAID may formally waive competition requirements.

- **Local Competition.** Competition may be limited to local or regional (indigenous) organizations. If a competition is limited to local or regional organizations U.S. organizations may not compete for award unless the program is re-advertised to provide all U.S. organizations with a fair opportunity to compete for award.

In accordance with ADS 303.3.6.5, noncompetitive awards must be justified in writing, to the satisfaction of the USAID Agreement Officer. Pursuant to the Grant Terms (Section 2.3), all grant awards within the USAID Agribusiness Project may be considered Small Awards.

### 3. GRANT FORMATS, SOLICITATION AND REVIEW PROCEDURES

#### 3.1 Categories of Applications and Review Procedures

Applications for grants will fall into one of three categories:

1. Applications solicited through public notification (see 3.1.1) for a specified program or support activity;
2. Applications solicited directly (see 3.1.2) from selected potential grantees (NGOs, PIOs, etc.) for a specific activity; and
3. Unsolicited applications (see 3.1.3).

All grants will require an application and will undergo a review and approval process. All grant applications, whether funded or rejected, shall be retained on file.

Review procedures may vary slightly among the three categories of grant applications. Additionally, all information received from applicants shall be considered proprietary and held in strict confidence by those individuals who review it to protect the integrity and privacy rights of the grant applicant.

The members of any review panels, as well as any staff involved in the review/approval, shall not have any conflicts of interest or the appearance of such with regard to the organizations whose applications they will be reviewing. An individual shall be considered to have the appearance of a conflict of interest if that person—or that person's spouse, partner, child, close friend or relative—works for, is negotiating to work for, or has a financial interest (including being an unpaid member of a Board of Directors) in any organization which submitted an application under the review panel's review, or, contributed on any level to any component that resulted in a grant award. In such cases, the panel should carefully review the situation, consult USAID's regional Contracting Officer and legal advisor, and in coordination with USAID Cognizant Technical Officer, determine the appropriate action required to avoid or mitigate such conflict and ensure impartiality in the award of grants under the program. Members of the review panel should neither solicit nor accept gratuities, favors, or any other types of gift from parties to sub-agreements.

##### 3.1.1 Public Requests for Applications

The USAID Agribusiness Project will publish an RFA for certain types of grants. Specific evaluation criteria and a methodology will be established as part of the RFAs, and the following procedures will be followed:

- a. RFA Preparation. The RFA document will be prepared and approved by the Grants Manager or his designee in coordination with the COP or Deputy COP and the DAI Contracts Office (see Section 3.2 for additional information on the contents of the RFA). This will include Evaluation Criteria.
- b. Public Notice. A notice will be made in at least three newspapers with widespread distribution, in relevant local newspapers as well as in electronic media.

- c. RFA Distribution. The RFA will be distributed to all organizations that request it. Applications will be due according to the due date(s) listed in the RFA with the possibility of any extension published in the same newspaper(s) as the RFA.
- d. Proposal Development. Applicants will develop their proposals. For two-stage applications, after the Concept Paper Review Panels recommend projects for full proposal development, a Grant Advisor and the Grants Manager will work with selected potential grantees to develop their proposals. At this time, respective USAID Agribusiness Project staff will also conduct a pre-award assessment.
- e. Clarifications. As necessary, USAID Agribusiness Project will provide written answers to written questions from applicants during the proposal process. During evaluation, the Grants Manager or his designee will make any requests for clarifications and/or additional information from applicants needed for the review panel to evaluate and make recommendations. It is expected that the time frame for clarifications during the proposal process and the evaluation process will be less than one week.
- f. Grants Review Committee Final Recommendation and Final Concurrence. The Review Committee will evaluate the proposal submissions and make a recommendation to fund, not fund, or take any other action. The negotiation and award procedure is located in Sections 3.5 and 4 of this Manual. Upon receipt of the necessary concurrence, the Grants Manager may negotiate and process the grant agreement(s).

### 3.1.2 Direct Solicitations for a Specific Activity

The USAID Agribusiness Project staff may solicit applications for grants for a specific activity that supports the project's technical assistance and/or training activities as described herein. The USAID Agribusiness Project staff, in consultation with the Grants Manager and COP or his designee, will proceed in identifying candidates and selecting grant activities in accordance with the following procedures:

- a. Activity Identification. Identify a specific activity that supports project technical assistance, training, and/or any other activity that can be assisted by grant funding under the terms provided in this manual, and provide a list of potential grantees with the capacity to carry out the identified program.
- b. Definition of Objectives. Define a set of objectives for the activity and submit the requirements and supporting documentation to the Grants Manager for preparation of the corresponding RFA.
- c. Grants Review Committee. The Review Committee will evaluate applications based on the criteria established and will prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.
- d. Final Concurrence. Upon receipt of the necessary concurrence, the Grants Manager may negotiate and complete the grant agreement(s). The negotiation and award procedure is located in Sections 3.5 and 4 of this Manual.

As necessary, USAID Agribusiness Project will ensure USAID Cognizant Technical Officer participation in all stages of the process.

### 3.1.3 Unsolicited Applications

Unsolicited applications for grants to do activities that support the broad objectives of the project will be reviewed on an ongoing basis. The USAID Agribusiness Project staff, in consultation with the COP or Deputy COP, will proceed to screen application(s) and recommend grantees for concurrence in accordance with the following procedure:

- a. Application Screening. Staff will screen applications based on the minimum eligibility requirements and forward eligible grant applications to the Grants Manager).
- b. Grants Committee. An internal project committee will evaluate applications based on the objectives of the project and prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.
- c. Final Concurrence. Upon receipt of the necessary concurrence, including USAID CTO's concurrence, the Grants Manager may negotiate and complete the grant agreement(s). The negotiation and award procedure is located in Section 3.5 and 4 of this Manual.

### 3.2 Request for Applications and/or Annual Program Statement Requirements

The Contracts Office can provide a template for developing an RFA and should be consulted if additional questions arise. At a minimum, all RFAs shall contain (see ADS 303.3.5.3 for more details):

1. A general description of the proposed program with an indication of the range of activities that might be involved, and the established goals of the activity, if any, which the applicant is expected to meet. The level of detail in the program description will depend on the requirements of the strategic objective.
2. How the award will be administered. For non-U.S. organizations, the RFA must state the Standard Provisions for Non-U.S. Nongovernmental Recipients will apply. For U.S. organizations, the RFA must state that 22 CFR 226, OMB Circulars, and the Standard Provisions for U.S. Nongovernmental Recipients will be applicable. Instead of attaching complete copies of 22 CFR 226 and the OMB Circulars to the RFA, the RFA directs applicants to the source where they may obtain copies (for example, indicate the name of the person they may contact, or the USAID homepage address on the Internet, or other Internet addresses).
3. An estimate of funds available for the RFA/APS and number of awards anticipated, including a statement to the effect that DAI reserves the right to fund any or none of the applications submitted.
4. Expected duration of DAI support or the period of performance.
5. Minimum eligibility requirements.
6. Qualification requirements, i.e., clear identification of types of entities that may apply.
7. Point of contact, including name, title, address, e-mail address, and phone and fax numbers, where a potential applicant can get any materials they may need to apply or state that the RFA contains everything a potential applicant needs to apply.
8. Required certifications.
9. Required format for the application.
10. Deadline for submission of application, how it is determined that the application is received in time, and the consequences of late submission.
11. Any funding restrictions (such as limitations on direct costs or no indirect costs, etc.) and whether or not the award will or will not allow the reimbursement of pre-award costs.

12. The selection criteria used to evaluate applications, including an indication of their relative importance.
13. The required cost-sharing element and, if used as part of the review process (i.e., more than just an eligibility factor) an explanation of how evaluated (should be a sub-element of cost effectiveness).
14. Description of the review and selection process.
15. What a successful applicant can expect to receive following selection.
16. Requirements and expectations regarding reporting.
17. Information regarding points of contact for questions.
18. Statement to the effect that DAI/USAID reserves the right to fund any or none of the applications submitted.
19. Any other relevant information.

An APS must conform to requirements listed in ADS 303.3.5.4.

If USAID directs USAID Agribusiness Project to address environmental concerns in the activity, USAID Agribusiness Project must incorporate these and state any such requirements in the RFA or APS.

RFAs/APSs must be filed with related documents. Please see Section 5.11 “Grant Files and Closeout” and Annex G for a detailed description of the proper filing system.

### **3.3 Format for Grant Proposals**

The format for proposals will vary in accordance with the technical specifications and kind or type of grant (see Annex O for a sample Grant Application). In general, the grant application should include the background information, project description with the clearly defined goals, objectives and results linked to the project activities; beneficiaries; monitoring and evaluation plan and a follow-up; project work plan (including milestones for a FOG); project timeframe; list of team members and their resumes; projected grant budget and budget notes; proposed disbursement/reimbursement plan; statement of cost sharing (including a breakdown of the applicant’s contribution in money or in kind); as well as other attachments that could include registration documents, financial capability questionnaire, certificates, reference letters, etc. All grant applications must be provided in English language.

If USAID Agribusiness Project decides to require cost sharing, it must state the requirements in the competitive announcement. Further information on including cost sharing in RFAs and APSs and on evaluating cost sharing can be found in ADS 303.3.10.3.

For all types of applications, USAID Agribusiness Project will provide more detailed instructions regarding proposal requirements.

#### **3.3.1 Concept Papers**

Prior to submitting a full grant application, the eligible applicants are advised to submit a concept paper (see Annex N).

Following USAID Agribusiness Project’s receipt of a concept paper and based on the review committee output, a response will be sent to the applicant within 14 days. In this period an USAID Agribusiness Project Technical Advisor/Program Specialist will review the concept paper and gain a permission of the Chief of Party and the CTO to advise the applicant on how to develop a full grant application.

If the response requests a full grant application, the applicant will be required to work closely with USAID Agribusiness Project Technical Advisor/Program Specialist and the Grants Manager as to prepare and submit a formal grant application. USAID Agribusiness Project staff involved in this process should follow the USAID and Federal regulations dealing with the grant award finance and administration issues i.e. determination should be made at early stage whether potential project costs are reasonable, allocable and allowable<sup>2</sup>.

The precise format for submission of a grant application depends on the type of grant, and the applicant will be advised about this issue accordingly.

The applicants must be aware that requests to submit the grant applications following review of concept papers is not necessarily an indication of likelihood of grant award.

### **3.4 Selection Criteria**

Grant applications that meet minimum eligibility criteria (see Section 2.5) will be reviewed and awarded based on selection criteria, which could include but should not be limited to:

1. Demonstrated capacity of organization, including sound financial practice, in areas pertaining to the proposed activity;
2. Responsiveness to need;
3. Potential for impact;
4. Demonstrated likelihood of proposed activity to further project objectives;
5. Appropriateness and feasibility of project activities within the proposed timeframe and budget.

The competency, suitability, and capability of eligible applications will be evaluated based on the established criteria. The evaluation may entail interviewing, site visits, background research, and/or solicitation of additional information. The Grants Manager or his designee will prepare a written record of the results of the evaluation in the form of Grant Evaluation Committee Record (see Annex P). The written record will account for how the application was evaluated in terms of the selection criteria and will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.

#### **3.4.1 Grants Review Committee**

Grants will be awarded by the USAID Agribusiness Project Grants Review Committee (herein and after the Committee). The Committee members will consist of a USAID Cognizant Technical Officer designated for this activity, the Chief of Party, the Operation Director and/or the Deputy Chief of Party, the Grants Manager (a non-voting member), Environmental Specialist, Finance Director and at least one of the USAID Agribusiness Project's Technical Advisors/Specialists, preferably involved in the sub-sector assisted by a reviewed grant. Delegation of this authority to other persons not officially occupying these positions is not permitted. USAID must provide a 'no objection' to each grant.

A quorum of the Committee will consist of at least two USAID Agribusiness Project senior staff (one of which must be either the Chief of Party or the Deputy Chief of Party) and the USAID Representative. Decisions of the Committee will be made by majority vote of the members participating in a meeting. The USAID CTO has no vote, but does have veto power over Committee decisions.

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<sup>2</sup> Further guidelines are provided in the Grants Manual under Section 6. Grantee Procurement Procedures

The Grants Manager's responsibility is to provide all needed background information and written instructions, including the evaluation criteria, to the individuals participating in the Committee. The Grants Manager must also ensure that all of the rules and regulations in this Manual are carried out in all phases of the grant award process. The Grants Manager and/or a Technical Advisor/Specialist must also respond to any requests made by the Committee for additional information, further studies, etc.

The Committee shall:

- a) Review and approve the grant proposal
- b) Review and ask changes and amendments to be made
- c) Reject the grant proposal in whole after reviewing

In the cases a) and b) and after the necessary changes and amendments are done; Grants Manager will resubmit the grant proposal to the Chief of Party for approval. Once the grant proposal is approved, Grants Manager generates an appropriate grant agreement (see Annexes 1 and 2) to be reviewed and signed by the Chief of Party.

By signing the grant agreement, the Chief of Party shall confirm:

- That all budgeted costs have been verified as allowable, allocable and reasonable.
- That the implementation plan and detailed benchmarks and disbursement schedule are complete, realistic and accurate.

The Chief of Party is authorized to approve and sign the grant awards under \$100,000 (the USAID Agribusiness Project's share).

The format of grant agreement must conform to the grant format appropriate to the nature of the grant and kind of grantee receiving the grant. It must be clearly indicated whether the grant is one of the following: Fixed Obligation Grant or Simplified Grant Format.

Signed Grant Agreement is entered into the database.

## **3.5 Negotiation**

### **3.5.1 Cost Analysis**

Each cost element of the program description shall be reviewed by the Grants Finance Officer for reasonableness allocability and allowability in accordance with the applicable cost principles for U.S. Federal government grants. The extent of the cost analysis will vary among grant types and should be determined by the Grants Finance Officer, in consultation with the Grants Manager if necessary, on the basis of the nature of the program, past experience with the applicant, and the amount and type of costs involved.

Specifically, the cost analysis will assist in determining:

- a) The extent of the prospective grantee's understanding of the financial aspects of the program and the grantee's ability to perform the grant activities with the funds requested;

- b) The extent to which the applicant's plans will accomplish the program objectives with reasonable economy and efficiency; and
- c) The special conditions, if any, relating to costs that are placed in the award.

If necessary, USAID Agribusiness Project will negotiate the budget to ensure that costs are realistic and reasonable. The negotiation process must be documented, along with other pre-award determinations in a Memorandum of Negotiation. The Memorandum of Negotiation must include the cost analysis and provide any other relevant details on points negotiated (please see Annex B for a sample Memorandum of Negotiation). Note: If the grant is a FOG, the Grants Manager or his designee must include a discussion of the appropriateness of this type of grant in the Memorandum of Negotiation and/or Grant Review Committee Record.

If program income is anticipated during the award period, the purpose, procedures and use of this income by the grantee or donation by the grantee to another organization must be specifically stated in the award. The definition of program income is found at 22 CFR 226.2 [<http://www.access.gpo.gov/nara/cfr/>]; suggestions on how to direct the use of program income are found at 22 CFR 226.24 and program income may be used to finance the grantees' cost-share of the grant award.

In cases where DAI awards a grant to for-profit entities, DAI will avoid the direct receipt or deposit of grantee program income to a DAI-controlled bank account under the grants program. If award of a grant to a for-profit entity becomes necessary, the advice and guidance of the DAI/Bethesda Contracts Office shall be sought, also, prior USAID CTO approval will be obtained before opening discussions with the prospective for-profit grantee(s).

### 3.5.2 Pre-Award Responsibility Determination

The recommendation or selection of an application in accordance with established procedures does not guarantee an award. All applicants must demonstrate that they possess, or have the ability to obtain, the necessary management competence to practice mutually agreed upon methods of accountability for funds and other assets provided. While 22 CFR 226 does not cover awards to non-U.S. recipients, USAID Agribusiness Project shall rely on the standards established in that regulation in determining whether potential non-U.S. recipients are responsible. To assist in making this determination, USAID Agribusiness Project shall conduct a survey using a financial capability questionnaire that would generally include a review of the applicant's recent audited financial statements, projected budget, cash flow, and organization chart, and applicable policies and procedures (e.g., accounting, purchasing, property management, personnel), if appropriate. The level of scrutiny and review required shall be proportional to the complexity of the grant program contemplated and the total amount of the grant.

In cases that require further information, USAID Agribusiness Project may also verify financial responsibility and institutional capability by inspections, letters from other donors, and/or on-site visits.

As mentioned, the cost analysis, pre-award determinations, and negotiation process must be documented in a Memorandum of Negotiation (please see Annex A for a sample Memorandum of Negotiation). The written determination of the applicant's responsibility should confirm that the applicant:

- Has adequate financial resources, or the ability to obtain such resources, as required during the performance of the award;

- Has the ability to meet the award conditions, taking into consideration all existing prospective recipient commitments, nongovernmental and governmental;
- Has a satisfactory record of performance. Generally, relevant unsatisfactory performance in the past is enough to justify a finding of non-responsibility, unless there is clear evidence of subsequent satisfactory performance, or the applicant has taken adequate corrective measures to assure that they will be able to perform satisfactorily;
- Has a satisfactory record of business integrity; and
- Is otherwise qualified to receive an award under applicable laws and regulations.

In determining if the prospective grant recipient has the management capacity to plan and carry out the assistance award, some or all of the following may be required, depending on the size and complexity of the grant and/or the previous experience of the prospective grantee. The aim is to get as much information as possible in making the responsibility determination. For further information regarding pre-award determination of responsibility see ADS 303.3.9

- ✓ a. completed financial capability questionnaire
- ✓ b. copy of most recent audit, if no recent audit, "Balance Sheet", "Income Statement" for the most current and previous fiscal year
- ✓ c. incorporation papers or certificate of registration and statute
- ✓ d. summary of relevant past performance – including type of contract/grant, value, title, client (and contact information, if available)
- ✓ e. *if applicable* – NICRA, or if no NICRA, the profit and loss statements which include detail of the total costs of goods and services sold, by information of the applicant's customary indirect cost allocation method, together with supporting computations of the basis for the indirect cost allocation method
- ✓ f. organizational chart, if available
- ✓ g. cash flow, description of management structure, and/or oversight procedures, if available
- ✓ h. copy of applicant's accounting manual, if available
- ✓ i. copy of applicant's operations manual, if available
- ✓ j. copy of purchasing policies and description of the applicant's purchasing system (for large grantees), if available
- ✓ k. any other pertinent information regarding the applicant

### 3.5.3 High Risk Organization

If USAID Agribusiness Project staff evaluates the financial capabilities of a grantee and determines that they are limited or deficient, they will classify them as high-risk organizations per ADS 303.5.9.2, which invokes the statutes of 22 CFR 226.14 to allow for closer monitoring requirements. Specific techniques to address this high risk include, but are not limited to: (1) Special award conditions, such as additional financial reporting detail or frequency; and (2) Providing technical assistance to the grantee. This option may be only used for such a period of time until the potential recipient can correct any institutional deficiencies, but not for the life of the award.

### 3.5.4 Branding and Marking

The potential grantee will comply with the branding strategy and marking plan already negotiated with USAID for this activity, and incorporated into the task order, with assistance from USAID Agribusiness Project as necessary. It is a federal statutory and regulatory requirement that all USAID programs, projects, activities, public communications, and commodities that USAID partially or fully funds under a USAID grant or cooperative agreement or other assistance award or sub award, must be marked appropriately overseas with the USAID identity. See Section 641, Foreign Assistance Act of 1961, as amended, 22CFR 226.91. Under the regulation, USAID requires the submission of a Branding Strategy and Marking Plan, but only by the "apparent successful applicant," as defined in the regulation. See ADS 303.3.6.3f for details on approval and exceptions.

The branding strategy should describe how the program, project, or activity is named and positioned; how it is promoted and communicated; and identifies all donors and explains how they will be acknowledged. The Marking Plan should detail the public communications, commodities, and program materials intended to visibly bear the USAID Identity. For additional assistance on writing Branding Strategies and Marking Plans, please see Annex C.

### 3.5.5 Debarment and Terrorist Financing Searches

To ensure that USAID Agribusiness Project does not award grants to applicants that have been debarred, suspended or proposed for debarment, apparently successful applicants will be checked against the US Government's Excluded Parties List. As such, the USAID Agribusiness Project staff will perform a search for the applicant's name on the Excluded Parties List (<http://epls.arnet.gov>) and document the outcome.

Moreover, to prevent against providing support to entities determined to have committed or pose a significant risk of committing acts of terrorism that threaten U.S. interests, the USAID Agribusiness Project staff must compare each proposed grant action against specific databases. USAID Agribusiness Project must conduct searches on the following two databases:

1. Check the master list of Specially Designated Nationals and Blocked Persons, which is maintained by the US Treasury's Office of Foreign Assets Control (OFAC) and is available at OFAC's website: <http://www.treas.gov/offices/eotffc/ofac/sdn/tlIsdn.pdf>
2. Verify that the individual or entity has not been designated by the United Nations Security (UNSC) sanctions committee established under UNSC Resolution 1267 (1999) (the "1267 Committee") [individuals and entities linked to the Taliban, Usama bin Laden, or the Al Qaida Organization]. To determine whether there has been a published designation of an individual or entity by the 1267 Committee, the Recipient should refer to the consolidated list available online at the Committee's website: <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>.

Supporting documents showing that these searches have been performed must be printed and filed. They should also be recorded on TAMIS and submitted to USAID as part of the concurrence request.

Executive Order No. 13224 also deems that the Prime Recipient (i.e., DAI) will consider all information about potential grantees of which it is aware and all public information that is reasonably available to it or of which it should be aware. Locally available information (newspapers, radio, television, etc.) may be used to ascertain whether an individual or organization is defined within the Executive Order parameters. In other words, DAI is not absolved of responsibility for providing support to an individual or organization just because he/she/it doesn't appear on the database searches if the USAID Agribusiness Project staff members should have reasonably known that the person or company has committed or pose a significant risk of committing acts of terrorism that threaten U.S. interests.

It is mandatory to have print-outs of the following debarment and terrorist financing searches in the file:

- ✓ US Government Excluded Parties List
- ✓ List of Specially Designated Nationals and Blocked Persons
- ✓ United Nations Security Committee (UNSC) list

### 3.5.6 Environmental Considerations

USAID Agribusiness Project will follow the provisions of the Initial Environmental Examination (IEE) ensuring that all requirements of the environmental regulations as described in 22 CFR 216 are satisfied prior to a grant award.

USAID Agribusiness Project's Environmental Specialist shall conduct environmental due diligence as specified in the IEE for all activities not categorically excluded, implement appropriate mitigating actions, and conduct adequate monitoring to ensure environmental concerns are addressed.

Specifically, the Environmental Specialist shall conduct environmental compliance, review, and due diligence for the competitive sub-grants program, and farmer and enterprise training on environmental issues. Areas of responsibility will include Environmental Due Diligence (EDD), Pollution Prevention Assessments (PPA) related to clean production, the preparation and implementation of a Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP), and certifications (HACCP, ISO, GAP, etc.).

## **4. GRANT AWARD**

### **4.1 Award Elements**

After financial management and responsibility requirements have been satisfied and final negotiations completed, the Grants Manager, with the assistance of requisite staff, will prepare a specific grant agreement for each grantee in accordance with the appropriate format for the type of grant agreement approved. All grant agreements must include a program description that identifies the goals and objectives of the grant project, the specific activities to be carried out, and the measurable results to be achieved.

At minimum, the components for the various types of grant agreements include:

- Signature Page
- Overview Page and Articles
- Annexes:
  1. Program Description
  2. Program Budget and Reimbursement/Disbursement Plan
  3. Request for Reimbursement Form and/or Grant Payment Request Form
  4. Reporting on Payment of Foreign Taxes
  5. Financial and Programmatic Report Formats
  6. Certification/s
  7. Branding Strategy and Marking Plan
  8. Mandatory Standard Provisions and Required as Applicable Provisions

### **4.2 USAID Concurrence**

The program description must have clearly established goals that are realistic and measurable and for which it will be held accountable. Depending on the USAID Mission, the final program description and final budget may be submitted to USAID as part of the request for concurrence.

USAID CTO shall be involved in the approval process from very beginning i.e. preliminary review of the Concept Papers thru the final approval/rejection of every project.

Upon USAID (normally CTO) concurrence of the grant recipient, the grantee and DAI's authorized representative (usually COP) sign the grant agreement, making it valid.

Only the COP has the authority delegated by DAI/Bethesda to sign contracts and grants. Any contract, grant agreement, or modification whose amount exceeds the authorized delegations of authority requires signature by DAI/Bethesda or an action-specific, ad hoc delegation of authority from DAI/Bethesda for signature in the field.

## **5. GRANT AWARD ADMINISTRATION**

Award administration encompasses all dealings between DAI officials and the recipient from the time the award is made until the end of the support. The specific nature and extent of administration will vary from award to award. It can range from reviewing and analyzing performance reports or performing site visits to more technically developed involvement for high-risk recipients.

Post award orientation with the grantee and USAID Agribusiness Project technical staff is encouraged to clarify the roles and responsibilities of the Grant Advisors who will administer the award. The Grants Manager shall serve as the mandatory control point of record for all official communication dealing with grant administration.

The Operations Director shall provide for the continuing oversight by appropriate USAID Agribusiness Project staff (namely, the Finance Director) of the financial management aspects of the award through reviews of reports, correspondence, site visits, or other appropriate means. When deemed necessary, the Operations Director and/or Grants Manager may request or arrange for special audits of grantees. Within approximately one month of signing the grant award agreement, the Finance Director and relevant program officer will conduct a financial management training session with grant recipients.

Site visits are an important part of effective award management. Joint site visits by senior staff and program officers are encouraged, since they can provide an effective review of the project. A brief report highlighting the findings is recommended. A copy of each report should be placed in the official grant file.

Grants are subject to the provisions established and included in each award. The Grants Manager or designee, in case of his absence, shall determine that the award does not contain administrative approvals that are in conflict with the grant provisions, stated regulations, or policies. The Grants Manager or his designee is responsible for processing all award modifications, suspensions, and termination actions.

### **5.1 Use and Disposition of Project Income**

Program Income is defined as income earned by the grantee that is directly generated by a supported grant activity or earned as a result of the grant award. It may result from activities integrally related to the grant, or from activities which are incidental to the main purpose of the grant. Program income may be earned both from grantee activities and from services provided by an individual performing a role in the grant activity. The time-frame for earning program income is any income earned by a grantee during the grant period. "During the grant period" means between the effective date of the Grant Agreement and the end date of the grant as reflected in the final financial report.

Examples of program income include:

1. Fees for services performed and for the sales of services, e.g., sale of computer time
2. Use or rental of real or personal property acquired with grant funds
3. Sale of commodities or items fabricated under the grant, e.g. publications
4. Payments of principal and interest on loans made with grant funds
5. Any donations that are solicited by the grantee during a grant activity

The grantee will inform USAID Agribusiness Project of any program income generated under the grant and agrees to USAID's disposition of such program income which is in accordance with 22 CFR 226.24. Program income earned under this agreement shall be applied and used in the following descending order:

1. Added to funds committed by USAID and the recipient to the project or program, and used to further eligible project or program objectives;
2. Used to finance the non-Federal share of the project or program; and
3. Deducted from the total project or program allowable cost in determining the net allowable costs on which the federal share of costs is based.

If the terms and conditions of the award do not specify how program income is to be used, then number 2) shall apply automatically. Grantees who are commercial organizations may not apply Option 1) to their program income.

Grantees shall have no obligation to the US government regarding program income earned after the end of the project/grant period.

Costs incident to the generation of program income may be deducted from gross income to determine program income, provided that these costs have been charged to the award and they comply with the applicable rules for allowable costs under grants.

Unless terms and conditions of the award provide otherwise, recipients shall have no obligation to the US government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award.

## **5.2 Cash Disbursements**

USAID Agribusiness Project must ensure that the grantees have the ability to comply with 22 CFR 26, Parts 226.20-226.22. The Mandatory and Required Applicable Standard Provisions for Non-U.S., Non-Governmental Recipients that apply to cash disbursement grants will be incorporated into the grant agreement where applicable.

The financial questionnaire is used to assist in the process of evaluating a grantee's financial management capability. USAID Agribusiness Project may also verify financial responsibility and institutional capacity by inspections of annual financial statements, audit reports, letters from other donors, and/or on-site visits. USAID Agribusiness Project will ensure, at a minimum that the grantee's systems permit them to identify, segregate, accumulate and properly record all costs incurred under the grant.

All requests for payments as specified herein shall be made to the Finance Manager through the Grants Manager. Each voucher shall be identified by the grant award number and shall state the total tax-free costs for which reimbursement is being requested.

No tax shall be reimbursed under any circumstances under the Grants Program. In the event that the USAID Agribusiness Project is unable to secure a tax exemption for grantee's purchases under grants, the grantee will have to bear that cost out of their own funds. Nevertheless, these expenditures shall be considered allowable cost sharing (matching contribution) by the grantee. Charges from the bank and currency exchange fees are considered allowable costs under the terms of USAID Agribusiness Project.

Cash payments will be provided in such a way as to minimize the potential for waste or fraud. Payments based upon the recipient's incremental progress are acceptable. Reimbursement based on presentation of receipts and other justifying documents is the other authorized method of payment. These two methods of cash disbursement are described below:

Incremental Payments: In order to qualify for payments, the grantee's accounting and financial management systems must conform to standards for funds control and accountability required under USAID and Federal regulations (ADS 303.3.9 and 22 CFR 226.20 – 226.22). New grantees are free to use their existing accounting systems, so long as they meet those applicable standards as set forth in the CFR, the applicable Standard Provisions, and the financial questionnaire.

Other guiding principles to cash advance disbursements include:

1. Funds shall not be commingled with other recipient owned or controlled funds.
2. Grantees should liquidate any prior advances before new advances are released; and
3. Advances shall be limited to the minimum amounts needed to meet current disbursement needs and only if a pre-award determination of responsibility has been made.

After the budget has been negotiated and the grant agreement has been signed, the grantee shall begin receiving disbursements for each upcoming benchmark (which should be at least monthly.) Benchmarks must be achieved before the specified disbursement is made.

USAID Agribusiness Project shall make every effort to determine the grantees ability to manage and financially support the grant award.

All interest and other refunds by award recipients hereunder will be made to a special, non-commingled, interest-bearing account established by DAI (the "Separate Account"). DAI has no beneficial interest in any funds in the Separate Account. Funds in the Separate Account shall be paid annually to USAID, as directed by the CTO. At the conclusion of the Contract, any funds remaining in the Separate Account shall be returned to USAID and any interest shall be refunded to the U.S. Government.

Reimbursements: If a grantee's financial management systems do not conform to standards for receiving incremental payments, the grantee may still be eligible to receive reimbursements. As benchmarks are achieved, the grantee can submit the DAI Reimbursement Request form (based on Standard Form 1034 "Public Voucher for Purchases and Services Other Than Personal" and SF 1034A, Continuation of SF 1034). Each reimbursement shall be identified by the grant number and shall state the total costs for which reimbursement is being requested. The grantee shall attach all receipts and other appropriate documentation. This type of disbursement mechanism requires that the grantee have adequate cash flow. All Fixed Obligation Grants and Simplified Grants must be issued on a reimbursement basis.

### **5.3 Language**

It is USAID policy that English shall be the official language of all award documents. If an award or any supporting documents are also provided in a foreign language it must be stated in each version that the English language version is the only official version (see ADS 303.5.17).

### **5.4 Termination and Suspension**

Language must be included in the grant agreement giving DAI and USAID the right to terminate a grant, in whole or part, or suspend payments, should the grantee become insolvent during the

performance of the award or should the grantee not meet their responsibilities as set forth in the Grant Agreement. A termination letter will be placed in the grantee's file and include the following:

- The reasons for the termination;
- The effective date;
- The portion to be terminated; and
- The portion terminated (in case of partial termination).

USAID shall also have the right to terminate the grant activity (activities) unilaterally in extraordinary circumstances.

## **5.5 Monitoring, Reporting, and Audits**

The grantee shall maintain books, records, documents, and other evidence relating to the USAID-sponsored project. Accounting records that are supported by documentation will at a minimum show all costs incurred under the grant agreement, receipt and use of goods and services acquired under the grant agreement, costs of the project supplied from other sources, the overall progress of the project, and the cost share obligation from grant recipients.

Grantees must report their cost-share contribution through required financial reports, accompanied by supporting documentation, as described in the Required as Applicable Provision on Cost Share, which is a Mandatory Provision for all DAI grants (this provision can be found at : <http://www.usaid.gov/policy/ads/300/303maa.pdf> for U.S., Non-governmental Recipients and at: <http://www.usaid.gov/missions/sa/usaidsa/mandatorystandard.pdf> for Non U.S., Non-governmental Recipients).

All grantees will be subject to regular and periodic monitoring visits and reporting requirements. All projects must submit a final report on activities supported by the grant. For projects completed in less than a six-month period, a final expense and activity report, including the amount of cost share accompanied by supporting documents, must be submitted to the Grants Manager upon completion. For projects exceeding a six-month timeframe, quarterly expense and activity reports, in addition to a final expense and activity report (which includes the amount of cost-share accompanied by supporting documentation), must be submitted to the Grants Manager, or as otherwise specified in the grant agreement.

Grants under implementation will have a customized monitoring plan when deemed necessary by the USAID Agribusiness Project's technical staff. This plan should be flexible and dictated internally by the amount, length and complexity of the grant, as well as accessibility of the grantee's location.

Non-U.S. Grantees must be audited if they received more than \$300,000 in USAID funds during their fiscal year. The thresholds include USAID funds received from all USAID sources, not just USAID funds received through USAID Agribusiness Project grants. DAI may require that 1) grantees that spend less than the above thresholds and 2) for-profit grantees be audited. DAI reserves the right to arrange for an audit at any time.

In some cases, DAI may decide to cover an audit through a grant, particularly for large grants. This might happen when the pre-award responsibility determination demonstrates that the organization is on the right track, but would benefit from regular audits to help the organization focus on ensuring its financial and accounting systems function properly.

Grantees are required to adhere to USAID regulations, including requirements to maintain records for a minimum of three years to make accounting records available for review by appropriate representatives of USAID or USAID Agribusiness Project.

## **5.6 Records**

The grantee shall maintain financial records, supporting documents, statistical records, and all other records pertinent to the award in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate charges to this award. Accounting records that are supported by documentation will at a minimum be adequate to show all costs incurred under the grant, receipt and use of goods and services acquired under the grant, the costs of the program supplied from other sources, and the overall progress of the program. Unless otherwise notified, the grantee's records which pertain to this agreement shall be retained for a period of three years from the date of submission of the final expenditure report and may be audited by DAI, USAID and/or its representatives. DAI will open a grant file for each award and follow the guidance as set forth in Supplementary Reference ADS 303 "File Documentation Guidelines."

## **5.7 Publications and Media Releases**

This provision is applicable when publications are financed under the award.

The grantee shall provide USAID Agribusiness Project at least two copies of all published works developed under the award with lists of other written work produced under the award. At the end of the project, USAID Agribusiness Project shall submit one electronic or one hard copy of final documents (electronic copies are preferred) to PPC/CDIE/DIO at the following address:

Online (preferred)

<http://www.dec.org/submit.cfm>

Mailing address:

Document Acquisitions

USAID Development Experience Clearinghouse (DEC)

8403 Colesville Road Suite 210

Silver Spring, MD 20910-6368

Contract Information

Telephone (301) 562-0641

Fax (301) 588-7787

E-mail: [docsubmit@dec.cdie.org](mailto:docsubmit@dec.cdie.org)

Electronic documents must consist of only one electronic file that comprises the complete and final equivalent of a hard copy. They may be submitted online (preferred); on 3.5" diskettes, a Zip disk, CD-R, or by e-mail. Electronic documents should be in PDF (Portable Document Format). Submission in other formats is acceptable but discouraged.

Each document submitted should contain essential bibliographic elements, such as 1) descriptive title; 2) author(s) name; 3) award number; 4) sponsoring USAID office; 5) strategic objective; and 6) date of publication;

In the event award funds are used to underwrite the cost of publishing, in lieu of the publisher assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost

shall be credited to the award unless the schedule of the award has identified the profits or royalties as program income.

Except as otherwise provided in the terms and conditions of the award, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this award, but USAID reserves a royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

## **5.8 Marking under USAID-funded Assistance Instruments**

### **5.8.1 Definitions**

USAID has very clear definitions for terms associated with USAID technical assistance. These terms should be used as appropriate by grantees and can be found in the Mandatory Standard Provisions for both US and Non-US, Nongovernmental Recipients.

### **5.8.2 Marking of Program Deliverables**

All grantees must mark appropriately all overseas programs, projects, activities, public communications, and commodities partially or fully funded by a USAID grant or cooperative agreement or other assistance award or sub award with the USAID Identity, of a size and prominence equivalent to or greater than the recipient's, other donor's, or any other third party's identity or logo.

To ensure that the marking requirements "flow down" to sub recipients of sub awards, DAI will include the USAID-approved marking provision in any USAID funded sub award, as follows:

*"As a condition of receipt of this sub award, marking with the USAID Identity of a size and prominence equivalent to or greater than the recipient's, sub recipient's, other donor's or third party's is required. In the event the recipient chooses not to require marking with its own identity or logo by the sub recipient, USAID may, at its discretion, require marking by the sub recipient with the USAID Identity."*

Any 'public communications', as defined in 22 C.F.R. 226.2, funded by USAID, in which the content has not been approved by USAID, must contain the following disclaimer:

*"This study/report/audio/visual/other information/media product (specify) is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of [insert recipient name] and do not necessarily reflect the views of USAID, the United States Government, or Development Alternatives, Inc."*

USAID Agribusiness Project will provide the Cognizant Technical Officer (CTO) or other USAID personnel designated in the contract with two copies of all program and communications materials produced under the award. In addition, USAID Agribusiness Project will submit one electronic or one hard copy of all final documents to USAID's Development Experience Clearinghouse.

### **5.8.3 Implementation of Marking Requirements**

USAID Agribusiness Project will require that the grantee submit a Marking Plan, to be approved by USAID as part of pre-award negotiations:

The plan will include:

1. A description of the program deliverables specified that the recipient will produce as a part of the grant or cooperative agreement and which will visibly bear the USAID Identity.
2. The type of marking and what materials the applicant uses to mark the program deliverables with the USAID Identity,
3. When in the performance period the applicant will mark the program deliverables, and where the applicant will place the marking,

In certain cases, USAID Agribusiness Project and/or the grantee may be exempted from USAID marking requirements. Further details regarding such exemptions and waivers can be found in the Mandatory Standard Provisions for both US and Non-US, Nongovernmental Recipients, and ADS 320.

## **5.9 Amendments and Extension**

Once a grant has been awarded, no additional competition is required for amendments to the existing grant or follow-on grant awards for the same activity, or to further develop an existing assistance relationship for amounts equal to or less than the original grant.

Approval by the relevant grants committees is required for amendments to existing awards that involve any substantial change, extension, or expansion of previously approved grant activities.

The Grants Manager serves as the mandatory control point of record for all official communication that would constitute an amendment to the award. Amendments will be made by formal modifications to the basic award document.

## **5.10 Conflict of Interest**

In the review and implementation of grants, USAID Agribusiness Project reserves the right to investigate an application or a grant due to any real or perceived conflict of interest. In the event that DAI determines that conflict of interest exists, USAID Agribusiness Project may disqualify an application or terminate a grant.

### Definition of conflict of interest:

A conflict of interest is any interest, financial or otherwise, direct or indirect; participation in any business, transaction or professional activity; or incurring of any obligation of any nature, which is or appears to be in substantial conflict with the proper discharge of duties in relation to a USAID Agribusiness Project-funded project.

Conflict of interest includes, but is not limited to:

1. An occasion when an individual's private interest differs from his or her professional obligations
2. A situation in which professional actions or decisions occur that an independent observer might reasonably question
3. Nepotism, i.e., favoritism shown to a relative on the basis of an immediate family relationship (Note: immediate family can be defined as parents, children, siblings, grandparents, same categories of in-laws, foster and step children, and anyone living in the same household as a family)

## **5.11 Grant Files and Closeout**

USAID reserves the right to conduct financial reviews or audits, and to otherwise ensure the adequate accountability of organizations expending USG funds. The grant files will contain the

essential documents to demonstrate that the grant was successfully completed and that funds were spent prudently with costs justified.

In order to prepare the grant files for closeout, the USAID Agribusiness Project will maintain an on-going official grant "Master File," which includes only the documents that need to be preserved in case of audit. This file will be clearly organized and easy to understand. An auditor with very little prior knowledge of the project will be able to quickly review the file and conclude whether the grant funds were used for their designated purpose, whether systematic and competitive procurement procedures were used, and whether all funds were properly accounted for.

A checklist located in Annex G details the documents that the master file must contain and provides an explanation of how they should be filed.

In addition, for each competition, the grants staff must maintain an RFA/APS file. The RFA/APS file checklist can be found under Section G of this Manual. The RFA for successful grant recipients should be included in a separate file at the beginning of the master files.

At closeout, project staff will also ensure that all entries in the grants management database are complete, which will help guide an auditor through DAI's grants management system.

Closeout of grants awarded under the standard and simplified formats are conducted in accordance with 22 CFR 226.71. Within 30 days of completion of the entire activity or all milestones, the grantee shall provide a written certification that the activity for which this sub-grant was awarded has been fully completed.

Grant closeout for fixed obligations grants will be accomplished with acceptance of the final milestone, and the approval of final payment. Within 30 days of completion of the entire activity or all milestones, the grantee shall provide a written certification that the activity for which this sub-grant was awarded was completed.

The Grants Manger is responsible for ensuring that the grantee has completed all requirements for closeout and shall include information on grant closeouts in the monthly report of grant activities.

## 6. GRANT PROCUREMENT PROCEDURES

The grantees shall conduct all procurement activities, under the supervision of USAID Agribusiness Project, and shall be reimbursed for the purchased services and/or items listed in the grant award. USAID Agribusiness Project shall, however, maintain primary responsibility before USAID in respect to the procurement standards as described below. In certain circumstances, USAID Agribusiness Project may decide to conduct a direct procurement, but only if a grantee has limited capability to procure services and/or equipment with the grants funds i.e. Youth Enterprise Grants and Agribusiness Start-up Grants.

If procurement activities fall within the scope of grantee's authority, each grantee must adhere to the following procurement standards:

- The grantee will avoid purchasing unnecessary items;
- Where appropriate, the USAID Agribusiness Project staff or the grantee will determine whether lease and purchase alternatives is the most economical and practical procurement;
- The grantee will document a price or cost analysis in its procurement files in connection with every procurement action. Price analysis will be accomplished in various ways, including the comparison price quotations submitted, and market prices, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability;
- No employee, officer, or agent of the grantee organization shall participate in the selection, award, or administration of a contract supported by USAID Agribusiness Project funds if a real or apparent conflict of interest would be involved. Such conflict would arise when the grantee or any member of the grantee's immediate family, the partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award;
- All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The grantee shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade;
- Every time the grantee purchases something with USAID Agribusiness Project funds, it must use an appropriate level of cost comparison and analysis, as follows:
  - a. When purchasing any good or service with a unit cost of less than US\$500, price quotes are preferred but not required. If possible, three oral quotes should be obtained and documented (name of vendor and price quote). Selections should be made on the grounds of price, quality, dependability, timeliness, and other business considerations.
  - b. When purchasing a good or service with a unit price greater than or equal to US\$500, but less than US\$2,500, three valid written or oral quotes must be sought. Selection should be made based on the factors of price, assured timely deliveries, proven ability to deliver a quality product, reputation of vendor, and other criteria fitting to the specific procurement.

- c. For procurement elements or awards greater than \$2,500, further requirements may apply as found in the *Procurement of Goods and Services* (October 1998) clause from the Standard Mandatory Provisions for Non-U.S., Nongovernmental Recipients;
- Each time the grantee requests an oral or written bid from three or more vendors, it must provide each vendor with identical information regarding the specification of the goods or services it is procuring.
  - The grantee shall provide to USAID Agribusiness Project copies of the procurement documents e.g. invitations to bids, market research, bid analysis and evaluations, award letters, contracts with vendors, etc., as well as other documents related to the procurement procedures conducted by the grantee;
  - To the greatest extent possible, the grantee should use local business service providers and other counterparts as appropriate;

The grantee may, however, use its own procurement policies and practices for the procurement of goods and services, provided they conform to all of USAID's requirements listed in *Procurement of Goods and Services* (October 1998) and the standard provision entitled "USAID Eligibility Rules for Goods and Services".

USAID Eligibility Rules for Goods and Services are applicable when the costs for goods or services will be paid for with USAID Agribusiness Project funds. This provision is not applicable if the recipient is providing for the goods or services with private funds as part of a cost-sharing requirement, or with Program Income generated under the award.

*Recommended Procurement Procedures, by Dollar Amount*

<b>Procurement Amounts</b>	<b>Action(s) Taken</b>	<b>Forms To File</b>
If total anticipated price is less than \$500	Purchase as needed at market price– no paperwork other than receipt for billing purposes needed.	None
If total anticipated price (total payment to vendor, not per item) is between \$500 and less than \$2500	Must document attempt to get three bids or price quotes(by verbal solicitation verbally) - Memo to File must include: <ul style="list-style-type: none"> <li>- Company names</li> <li>- tel. #</li> <li>- date contacted</li> <li>- price quoted</li> </ul>	Memo to File
If total anticipated price is between \$2500 and less than \$10,000	Must get three verbal bids or price quotes from vendors. Must create a Bid Comparison Matrix listing prices, vendors, availability, and reason for choice.	Bid Comparison Matrix
If total anticipated price is between \$10,000 and less than \$25,000	Must get three written bids from vendors, and create a Bid Comparison Matrix. Must stipulate Selection Criteria Must convene a bid committee to review the bids together.	Bid Comparison Matrix Copies of vendor bids Bid Decision Memo to File
\$25,000 or more	Must issue formal a public bid documents, such as a Request For Quotes (RFQ). Must stipulate Selection Criteria Must convene a bid committee.	Copy of RFQ and responses. Bid Comparison Matrix Bid Decision Memo to file CO Approval(as needed)

## 6.1 Allowable Costs/Eligibility Rules for Goods and Services

Expenses incurred under the grants program must meet the following criteria in order to be eligible for reimbursement:

Reasonable Cost: Means those costs which are generally recognized as ordinary and necessary and would be incurred by a prudent person in the conduct of normal business.

Allocable Costs: Means those costs which are incurred specifically for the award.

Allowable Costs: Means those costs which are reasonable and allocable and conform to any limitations in the award.

Cost Principles: Which costs are allowable, allowable with prior approval, or allowable by type of grantee (U.S. NGO, non-U.S. NGO, etc.)

It is USAID Agribusiness Project's goal to ensure that costs incurred are in accordance with the applicable set of Cost Principles under the Mandatory Standard Provision for Non-U.S., Non-Governmental Recipients (Allowable Costs). DAI will determine which costs are allowable, allowable with prior approval, or unallowable, for Non-U.S. Non-Governmental grantees.

The following guidelines will be used during the budget review stage of grant proposal evaluation, before the grant agreement is approved, to determine if a questionable cost is allowable:

1. Review OMB Circular A-122, (Annex M), a list of "Selected Items of Cost" which describes what is and is not allowable, or allowable under what circumstances (for example, "alcoholic beverages: Costs of alcoholic beverages are unallowable").
2. Review ADS 312 "Eligibility of Commodities" for more information if an item to be procured is a restricted good or service.
3. Determine whether the costs are reasonable, allocable, and allowable.
4. Contact the DAI/Bethesda for review and decision when appropriate.
5. Prior to incurring a questionable cost, obtain USAID's written determination on whether the cost will be allowable. (This should be done even for cash disbursements, as DAI is accountable for the use of funds provided to the grantees.)

The grantee will also adhere to the list of ineligible goods and services clause from the list in ADS 312 "Eligibility of Commodities". The following restricted goods and services<sup>3</sup> shall not be procured without the prior approval of the Agreement Officer:

- Agricultural commodities;<sup>4</sup>
- Motor vehicles;
- Pharmaceuticals;
- Pesticides;
- Used equipment;
- U.S. Government-owned excess property; and
- Fertilizer.

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<sup>3</sup> Refer to ADS 312 "Mandatory Reference, USAID Commodity Eligibility Listing" for a list of restricted commodities.

<sup>4</sup> Waivers on Agricultural Commodities (ADS E312.5.3a2e): Depending on the source origin designation of the grant, a geographic source waiver, in accordance with ADS Chapter 310, may be required if the commodity is to be purchased from a country not eligible under the agreement. If a proposal is to procure an agricultural commodity, DAI staff must review ADS 312 and obtain USAID waiver if necessary before the grant is implemented. DAI will work with the USAID Agreement Officer to obtain appropriate and necessary waivers prior to procurement.

The Required as Applicable Provision entitled USAID Eligibility Rules for Goods and Services shall apply to all standard form grants issued under USAID Agribusiness Project.

## **6.2 Source, Origin, and Nationality**

The authorized geographic code for the USAID Agribusiness Project in Serbia is USA (000). However, local procurement in the cooperating country is authorized within the parameters specified in 22 CFR 228.40, "Local Procurement"

Pursuant to the standard provisions for the grants-under-contracts not exceeding \$250,000, and reference to the waiver letter dated June 6, 2008 issued by Regional Contracting Officer, use of an order of preference for the procurement of goods and services is permitted. Accordingly, Commodities and services procured under the USAID Agribusiness Project must be procured in accordance with the following order of preference:

- (1) The United States (USAID Geographic Code 000)
- (2) Serbia, and then
- (3) A SEED or EU Country (USAID Geographic Code 935)

The procurement of non-U.S. commodities or services must be documented to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and one or more of the following reasons justifying the non-U.S. procurement:

- A) The commodity or service is of a type that is not produced in or available for purchase on the United States (or Cooperating Country if it is a SEED or EU country procurement)
- B) It is necessary to procure the non-U.S. commodities or services in order to meet unforeseen circumstances, such as emergency situations.
- C) It is necessary to procure the non-U.S. commodities or services to promote efficiency in the use of United States foreign assistance resources.
- D) For the commodities with their source and origin in the Cooperating Country:
  - i. The lowest available delivered price from the United States is reasonably estimated to be 50 percent or more higher than the delivered price from the Cooperating Country, or
  - ii. The estimated cost of U.S. construction materials (including transportation and handling charges) is at least 50 percent higher than the cost of locally produced materials.

## **6.3 Equipment**

Equipment is defined as any tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. If the grant budget includes equipment the Provision for Non-U.S. Non-Governmental Recipients (Title to and Use of Property, Recipient Title) will be incorporated into the Grant Agreement.

Under the simplified grants, the Agreement Officer must approve the purchase of equipment over \$5,000, and applicable provisions must be included in the grant format. The purchase of equipment with a value exceeding \$5,000 is not authorized under a Fixed Obligation grant. The project must follow standard procurement procedures.

The grantee is required to use and maintain the equipment for the purpose of the award in accordance with the applicable standard provision and as summarized below:

- The recipient is required to maintain equipment inventory records that include the description of the equipment, the source of the equipment, the title holder, the serial number or other identification, the acquisition date, the cost of equipment, the location, use, and condition of the equipment, and any ultimate disposition data including the date of disposal and the sale price of the equipment.
- The recipient is required to take an annual physical inventory of the equipment and reconcile the results with the equipment records and submit a copy of the physical inventory to DAI.
- In the grant agreement, the grantee will agree to indemnify, DAI and its Officers and Directors, including cost of defense, for any claim made against them arising out of the Grantee's performance of this grant agreement. This indemnity shall be in excess of DAI's insurance policies, but not limited by the scope of such policies. DAI and USAID do not assume liability for third party claims for damages arising out of this grant.

#### **6.4 Supplies**

Supplies are all property, excluding equipment. In accordance with the applicable Standard Provisions, title to supplies and other expendable property shall vest in the grantee upon acquisition.

#### **6.5 Travel**

USAID Agribusiness Project must obtain USAID Contracting Officer approval to use grant funds in support of international travel where applicable and necessary. Guidance will be followed as set forth in the Required as Applicable Standard Provision for Non-U.S. Non-Governmental Recipients (International Air Travel and Transportation).

For grantees receiving cash disbursements for travel, the Standard Provision (referenced above) must be followed and incorporated in to the grant agreement. If the grant is in-kind (that is, DAI negotiates and purchases the tickets for the grantee), USAID Agribusiness Project shall follow Standard Provisions when approving travel and purchasing the tickets. In either case, the Fly America Act applies at all times.

#### **6.6 Participant Training**

Participant training conducted in countries other than the U.S. or the cooperating country must comply with the requirements for third country training set forth in ADS 253.3.2.

A participant is any non-U.S. individual being trained under the USAID Agribusiness Project outside of that individual's home country.

A nationality waiver may be required for training providers from countries outside the authorized geographic code.

Participant training shall be conducted in close cooperation with the World Learning in Serbia.

#### **6.7 Payment to Host Country Government Employees**

##### *a) Definition of Host-Country Government (HCG) Employee*

A HCG employee is an employee paid by the HCG, occupying an established position, either temporary or permanent, part-time or full-time, within a host-country government institutions such as State Universities, Research Institutes, vocational schools, etc. A host-country institution is

an organization in which the government owns at least a 50 % share or receives at least 50% of its financial support from the government.

#### b) *Types of Payments*

There are two categories of payments to HCG employees: those that are considered salary supplements, and those that cover other costs not considered salary supplements.

##### *b1) Salary Supplements:*

These are payments made that increase an employee's base salary for the performance of his/her regular duties or for work performed during regular office hours. In most cases, these are not acceptable (except for university professors/lecturers).

Exceptions where payments are allowable for other government employees outside of the university system shall be limited and subject to USAID approval, and it may be considered under following terms only:

- If the government employee is providing services outside of his/her normal working hours.
- If the government employee is on leave without pay from their government post during the time he/she is providing services to us.
- If the government employee is on annual leave from the government at the time that he/she is providing services to us.

In addition, it is important to remember the following: **-Policy Making Officials shall not receive USAID payment of salary supplements in any form** (including USAID payments for project related work conducted outside normal working hours). Policy-Making officials are defined as high-level elected or appointed officials such as those serving in the cabinet or in the immediately subordinate sub-cabinet position.

##### *b2) Additional Payments not in the form of salary supplements:*

Possible payments are: food and lodging, travel, and honoraria for university professors.

- Food/Lodging/local transport costs are permissible for program or project related activities provided that such reimbursement is made on an actual cost reimbursement basis or it is paid at a consistent host-country rate.
- National transport costs are allowable for government officials in special cases where Host Country Government Officials are traveling in country with a US government official.
- International Travel is also permissible if the USAID Mission Director or from USAID Washington approval is provided if there is no USAID Mission Director.
- Honoraria may be paid to university employees and to members of research institutions, who are HCG employees solely by virtue of their position in a university or research institution, carrying out project-related activities outside their normal duties.

## **6.8 Use of U.S./International Consultants**

An international consultant can be used under a grant if the organization is the recipient of the grant with which this consultant is affiliated, and the grant is not to the consultant as an individual.

If a local grantee wishes to hire an international consultant as part of a grant from USAID Agribusiness Project must verify the following:

- a) International consultant's salary- this needs to be checked for reasonableness, with well-documented salary history for the requested rate.
- b) The local grantee must verify that they have hired the consultant, with a formal employee contract, Scopes of Work, time sheets, etc drawn up between the consultant and the local grantee.

The local grantee must pay the consultant's salary directly.

## **6.9 Rights to Intellectual Property Produced with Grant Funds**

All materials produced under the grants -- written, graphic, film, magnetic tape, or otherwise -- shall remain the property of both the grantee and USAID Agribusiness Project. Both the grantee and USAID Agribusiness Project retain rights to publish or disseminate in all languages reports arising from such materials, unless otherwise specified in the grant agreement. The rights and duties provided for in this policy shall continue, notwithstanding the termination of the grant or the execution of its other provisions.

## Annexes

- A. Sample Memo of Negotiation
- B. Assistance on Branding and Marking
- C. Sample Simplified Grant Format Non-US
- D. Sample Fixed-Obligation Grant Format Non-US
- E. Sample In-kind Grant Format Non-US  
NOTE: Mandatory Standard Provisions for Non-U.S. Non-Governmental Recipients as an integral part of every grant format
- F. Financial Capability Questionnaire (for recipients of cash grants)
- G. Grant File Documentation Guidelines and Check List
- H. Certification Regarding Debarment, Suspension and Other Responsibility Matters
- I. Certification Regarding Drug-Free Workplace Requirements
- J. Certification Regarding Terrorism Financing
- K. Anti-trafficking Activities
- L. Reporting of Foreign Taxes
- M. OMB Circular 122 "Cost Principles for Non-Profit Organizations"
- N. Concept Paper
- O. Sample Grant Application
- P. Grants Review Committee Record

*NOTE: These annexes are all the possible documents that can be attached to a specific grant. In most cases the grant will require that only two or three of the Annexes listed here be incorporated in the grant document issued to the grantee. Directions on which grant annex to include, are provided in the instructions that follow. When the grant is issued that actual annexes that are attached are renumbered A-1, A-2, A-3, etc. The Grant Formats indicate the preferred order of numbering of the annexes when attached to the grant.*



# **USAID Serbia Agribusiness Project**

## **Year Four Annual Workplan**

**October 1, 2010 – September 30, 2011**

### **Annex III - Sub-Sector Activity Plans:**

**Berry Fruit**

**Dairy Products**

**Livestock**

**Herbs & Mushrooms**

**Tree Fruit**

**Vegetables**

## **BERRY FRUIT**

By assisting product diversification, building off the major driving forces such as vertically integrated production & processing systems, and by developing a strong Agricultural Business Development Service (ABDS) sector, the Project will facilitate further growth and bringing in more dynamics into the berry fruit sector that will be exporting significantly more products into the region and the EU. Most activities planned for the berry sector fall within Component 1 of the original Project design, that could be summarized as events, activities and programs which will support “Increased Efficiency and Competitiveness of Serbian Agribusinesses” within the sector as defined in the VCA. These activities and events have been sub-divided into various sub-categories, and these sub-categories have been used across the sub-sectors to provide a consistency in Project planning and design. There are also activities which will be undertaken in Component 2 of the Project to “Improve the Enabling Environment for Serbian Agribusinesses” and these will be detailed in separate sections of the Work-plan. The Sector Leads, and the activities and events they undertake will support, and contribute to, achieving the objectives of Component 2.

### **1.0 Introduction and Overview**

Based on the Berry Fruit Sub-Sector VCA and Commodity Action Plan (CAP) completed during the year one, the Project’s support for the development of the berry sub-sector was designed to focus on increasing the value added to Serbian berry products, add new exports of fresh berries, and to support the development of new berry crops that would complement the existing ones. The main elements of the program planned to support the development of integrated value chain operations and the development of export market linkages. Tailored assistance to establishment and/or development of industry associations that could take over and continue provision of services the Project currently provides to producers was also planned and implemented within the sector. Introduction of international market-driven and/or market-specific standards, such as GlobalGAP, BRC or IFS, and marketing assistance were important elements of berry sector activities as well.

Despite the negative impact of the global financial crisis, overall demand for berry fruits has not changed significantly over last few years. The basic strategy developed by the Project for the berry sector has remained valid, and the main goals of its assistance remained the same: to increase the overall competitiveness of the Serbian industry, and to initiate rapid and broad-based growth of the cultivated berry fruit sub-sector. As the Project moves into year four the basic approach for the sector will remain much the same and the focus will be on shifting from processed to fresh products. Besides new berry crops, such as cranberries and/or yellow/black raspberries, special emphasis will also be placed on strawberries, as opportunities identified in Russia and central-eastern Europe for Serbian berries have grown. During production and harvesting seasons weather conditions in 2010 were mainly unsuitable for berry fruits, which resulted in losses both in yields and fruit quality that in case of early strawberries and raspberries for processing ranged from 20 to 30%. These facts have additionally proved appropriateness of the project’s plan to approach these issues in a systematic way during next two years and the necessity for the sector to devote more resources to rapid introduction of new technologies, such as anti-hail nets and tunnels.

The Project’s support to quite a large group of producer organizations and private companies dealing with berry fruits has expanded over the course of the year three to address different aspects of their operations: production, post-harvest, processing, management and marketing. Through a combination of training & field advisory assistance, production of manuals, and organization of study tours/exhibitions at trade fairs, the Project has enabled berry fruit businesses moving towards the fresh market to learn about and start application of new production technologies, season

extension and establishment of links with foreign buyers. Grants approved in year three were targeting marketing, national associations and international standards assistance. The Project has also assisted ABDS providers in developing local expertise in dealing with new products and new production technologies. Latest post-harvest technologies such as Ozone generators were also presented to Serbian berry industry and negotiation of its application has been initiated. During implementation of all these activities the Project has cooperated with, and worked through, the sub-sector leverage points identified in the CAP or those whose establishment was supported by the Project, such as national, regional or commodity-based associations and ABDS providers.

Over the year four the Project will continue its assistance to development of production capacities of berry fruit intended for the international fresh market, in first place through technical/advisory assistance to ensure extended season and uninterrupted harvest by application of tunnels as well through development of clients' post-harvest and cold-chain maintenance operations. In-kind grants to enable application of new technologies will be used to complement technical assistance and alleviate financial difficulties for pioneers in advancing the sector from one stage to another. The Project will be equally focused on market access and assistance aimed at achieving regular supply contracts for fresh produce to targeted export markets, in first place through opportunity markets research (EU, Russia), trade mission(s) and trainings. On the other hand, through marketing & promotion grants, assistance to implementation of international standards and targeted trade-fair attendance, the Project will continue its assistance to producers of value-added products to introduce new and improve existing products, access new markets and to increase exports.

### **1.1: Strengthen Producer Organizations in the Berry Sector**

#### **1.1.1 Training & TA for the Use of New Technologies**

##### **1.1.1.1: Training on the Use of High Tunnels for Berries**

As the marketing of fresh berries is a new type of business in Serbia, producers need information and advisory services related to production technologies and post-harvest management that should ensure highest quality of product being delivered to consumers. To ensure the proper establishment and management of berry-fruit fields, as well as the application of new technologies required for the successful production and marketing of fresh berries, over the course of year three the Project has already implemented some activities, such as Study tour to Spain and field advisory & training services delivered by local consultant. The Project will continue to work with competent ABDS providers or, where they do not exist, bring in international STTA/consultants to provide a series of training programs and to provide advisory services to client firms. The goals of this program are to further improve the overall performance of participating producer organizations, and to enable them and their members or supplier-farmers, to benefit from economies of scale through an improved knowledge base and better crop management practices. Besides trainings on high-tunnels application that due to selected ex-path consultant's unavailability had to be postponed from Year Three to Year Four, main topics covered with this program in Year Four will be advisory services related to production of berry fruit under high tunnels, and the cooling and packaging of fresh berries, which will require again an international STTA consultant. Training sessions will be conducted over the winter months of 2010-2011 at several locations in the berry-fruit growing areas, and will be continued with advisory services in the spring-summer of 2011.

*Expected results: Three to four individual training sessions will be completed and complemented by direct advisory services for client firms. A total of three ABDS providers, and eight producer organizations/ food-processing companies will be assisted*

### **1.1.1.2: TA for Grantees Adopting New Technologies - optional**

As direct result of the global crisis and the sector's limited access to loan financing, usefulness and appropriateness of grants for introduction and application of new technologies in Serbia has increased. To complement technical assistance and training activities provided by the Project so far, especially the investment incentive grants would make possible early application of various new technologies that would significantly advance the sector. For these reasons the sector lead is still working with relevant Project staff on new technologies grants scheme development and its justification that could be soon compiled and submitted to USAID for review and approval. Through the grant component the Project would assist eligible grantees to apply new technologies that will result in extended production season, increased yields, and improved quality and/or marketability of their products. In the fresh berry-fruit business new technologies may include early/late production under poly-tunnels and glasshouses, application of rain-caps and/or anti-hail nets, modified-atmosphere-packaging, completion of cold-chain and cooling/shipping units, etc. The Project would use grants to assist higher value-added products development as well. This assistance will be provided to growth oriented businesses to apply new production/processing technologies and/or upgrade existing value-adding processing technologies, develop new higher value-added fruit products (e.g., fruit purees and powders for food processors, freeze-dried berries, etc.), improve packaging and designs of existing products to meet new markets' requirements and speed up sales, etc. Besides having a direct impact on grant recipients, the grants will also serve as demonstration models, and will be a useful tool for future training events and sharing information on new technologies. Pending USAID approval, the grant program would be operational throughout Year Four, and the quantity and timing of applications for grants cannot be predicted at this time. Once the grants program gets USAID's approval, the sector lead will begin planning and delivery to the grantees of tailored technical assistance that may include provision of expert's advice, conducting feasibility studies, linkage with technologies sought and potential vendors, etc.

*Expected results: While exact numbers cannot be predicted, it is expected that four POs and/or production companies will be assisted with the new technology grant program, at least three new technologies will be applied, with added sales of \$400,000 being generated as a result of the new technology and six full-time jobs created within one year*

## **1.1.2 Assist Producers to Diversify and Prepare Their Production for Exports**

### **1.1.2.1: Field advisory services to strengthen diversified production**

The Agribusiness Project has implemented to date a number of technical assistance and training activities aimed at enabling berry industry in Serbia to diversify production through entering production of new crops and/or varieties or new value-added products. These include assistance to production of blueberries, cranberries, primocane raspberry varieties, berries under tunnels and sugar-infusion freeze dried products. The Project will continue to provide technical assistance to growth-oriented businesses, in first place field advisory and consultancy services to further develop diversified commercial production and prepare themselves and their products for export. Besides above mentioned products, the Project will assist introduction of new strawberry and blackberry varieties, production of red/black currants and other minor berries with identified export potentials. As most of these products are still relatively new crops in Serbia, the Project will hire local and/or ex-path consultants on an as-needed basis to work with clients and advice them on various aspects of production, harvesting, post-harvest operations and overall preparation for exports. Local and/or regional ABDS providers will be actively involved so that a know-how transfer could be ensured as well. As a side effect of this activity, a network of capable producers of various berries for export will be created, with potential for establishment of a national association for fresh berries. This advisory program will take place between December 2010 and July 2011.

*Expected results: At least four producer organizations and two ABDS providers will be assisted, production for export of three new crops supported with 20% increase in yield or quality and \$50,000 of exports achieved within one year*

### **1.1.3 Improve Management at Producer Organizations**

#### **1.1.3.1: Support for the National Associations to Implement Grants**

In Year Three the Project has launched a grants program to support strengthening of national umbrella associations and enable them to start provision of tangible services to their members. Among a number of national POs that applied, two applications from the berry fruit sector were preliminary approved by the Project. These proposals include a variety of activities that fit well into the Project's strategy for the sector and CAP, such as training-of-trainers program for blueberries, launch of a promotional campaign for fresh berries, improved international marketing and exhibition at international trade fairs, etc. As planned, instead of the Project competent national POs will take over the initiative and organize and manage activities that lead to improved international competitiveness, increased sales and creation of new jobs. Following receipt of final grant approvals, the sector lead will work closely with PO Specialist and advice & guide the grantees to ensure proper membership inclusion, timely and full implementation of contracted activities, achievement of project goals and submission of agreed deliverables and reports to the Project.

*Expected results: Two Producer Organizations will be assisted, at least 20 new members will join existing POs, and an additional \$50,000 of member sales will be achieved within a year*

#### **1.1.3.2: TA to strengthen Vertically Integrated Operators**

Some of trends identified by VCA in the berry fruit sector are emergence of vertically integrated systems and gradual shift of production from hilly-mountainous regions to flat areas. In Serbia there are only a few examples of integrated production and processing of berries so far, such as Libertas, Fungojug, Agrana, MN, ZZ AgroDragacevo, etc. Main reasons for these businesses to try to integrate various operations are primarily market driven, and they include: decrease production costs through achieving economy of scale, ensuring regular supplies of raw material, increasing quality through better field management and input control, etc. Even though such a move is a necessity and in long term very reasonable, in short term all these stakeholders are struggling with the same problems: lack of experience in managing primary production and lack/low capacity of advisory services available, that resulted in low yields and product quality achieved. To compensate for this failure, the Project will launch a program of technical assistance for vertically integrated operators that will include field advisory and training services that will result in developed internal crop management capacities & improved practices, increased yields and improved product quality. The participants will be selected four to seven businesses that meet the following criteria: (a) possess at least 3 hectares of own berry fruit fields and a minimum of 50 t of freezing/processing capacities, and are capable of and willing to (b) hire full-time an employee (agronomist/ag engineer) who will be in charge of for berry fruit fields management, or (c) contract an ABDS provider to provide advisory services needed for proper field management and crop protection. The Project's assistance will include but will not be limited to raspberries; strawberries and blackberries. Final selection of crops and topics will be determined by the Project based on participant businesses' needs. Program timeframe: Oct 2010 – Sep 2011.

*Expected results: Five vertically integrated operators and three ABDS providers assisted, at least 2 jobs created, and \$50,000 worth increase in yields/product quality achieved within 1 year.*

#### **1.1.4 Support for the International Standards Program**

Through a project-wide certification program, and sector-specific grants for certification, the project continues supporting growth-oriented producer organizations and companies in the process of implementing international standards needed to improve their overall quality and to access new markets. These activities will result in improved quality and marketability of their products, as well as in decreased costs and increased overall sales.

##### **1.1.4.1: Support Intl Standards for Fresh Berries**

Implementation of the international certification program inceptioned by the Project in Year Three will be continued in Year Four. It is expected that two producers of berry fruits for the fresh market who applied for the Project's assistance in year three will successfully complete GlobalGAP certification for their production and processing facilities for exportable fresh berries. This standard will serve as a tool for Project clients to improve their overall competitiveness, and to achieve new sales and receive higher margins in both domestic and international markets. As in previous years, Project funds cover up to 50% of the costs related to consulting services and up to 70% of the cost for the GlobalGAP certification process. Activity timeframe: throughout Year Four of the Project.

*Expected results: Two berry fruit producers will be certified through this program, and at least two ABDS providers will be assisted in the GlobalGAP certification process.*

##### **1.1.4.2: Support for Other International Standards**

The Project is also continuing its assistance to Serbian agricultural sector to apply and certify international and/or market specific standards that will result in improved access to new markets for Serbian processed and more value-added products. As with the GlobalGAP standard, Project funds cover part of the costs related to consulting services to prepare for certification, and then part of the certification costs. It is expected that at least six out of seven berry-fruit processors that were approved for the Project's assistance will successfully complete implementation and certification of IFS, ISO 22000 and/or BRC standards that will enable them to become more competitive and meet specific requirements needed for sales in these new international markets. This activity will take place throughout Year Four of the Project.

*Expected results: At least six processors will be certified in the international standards certification program, and at least three ABDS provider will be assisted to provide certification services.*

#### **1.2: Improve ABDS & Finance Service Delivery**

##### **1.2.1 Improve the Capabilities of ABDS Providers**

###### **1.2.1.1: Berry Fruit Post-harvest and Cold Chain Management Training & TA**

Initially planned for the Year Three, the activity has been moved for the Year Four due to financial crises and consequent slower than anticipated introduction of tunnel production of berries. The Project will provide technical assistance to improve post-harvest operations and the cold chain management for berries, and to enhance the logistics of moving berries from the field to a final foreign consumer. Based on the findings from the Cold Chain Study, the Sector Lead will direct Project assistance for the berry fruit sector on those businesses that have identified selling opportunities and that need assistance in improving their cold chain management operations. Examples of such companies would include Agrar Plus, Libertas, Rasadnik Malina and Frutto. The Project's assistance in Year Four will focus on the two most relevant topics - post-harvest management and cold chain operations. Depending on specific client needs, tailored assistance activities will be designed to address these needs, and the assistance will be provided by a specialist

ABDS provider, or by expatriate or local STTAs contracted by the Project. Besides field visits and advisory assistance, within the program a total of 3 to 5 trainings sessions will be conducted at producers' sites and selected universities. As part of the program the STTA(s) will work with small group(s) of local ABDS providers so as to transfer the methodologies and technical information to them. Assistance in this area will take place between December 2010 and July 2011, during the time when producers and cold-stores/cooling-chamber operators are more available and when operations needing technical assistance are taking place.

*Expected results: At least four ABDS providers and a minimum of six producer organizations and/or companies will be assisted, and over 60 growers and university students will be trained. It is expected that at least \$100,000 of new revenues will be achieved following the program.*

#### **1.2.1.2: Partnerships for Input Supply to Producers–Machine Harvesters**

To improve its international competitiveness in long-term, Serbian berry industry needs to improve product quality and access more value-adding processing operations, decrease production costs, extend production season and improve product marketing. For example, one third of production costs of raspberries are costs of harvesting, which in Serbia is done by hand. With other berries the situation is quite the same. The most direct way to address this issue and to decrease production costs is to introduce machine harvesters. As its next step in supporting the establishment of partnerships to improve the supply of inputs, and the availability of relevant business services in Serbia, the Project will work with selected producers of machine harvesters for berries and present their products and services to its clients. The goal of the activity is to introduce the client businesses with benefits from applying mechanized harvesting and options available, as well as to enable them to learn about and meet mandatory requirements and get prepared for applying machine harvesters. The Sector Lead will identify international or local firms which can supply equipment suitable for Serbia's conditions, and which are willing to partner with Serbian counterpart firms. In case of foreign firms the sector lead will further work with them to determine their local support needs, and will broker relationships with local firms to establish partnerships that will result in an improved availability of equipment and services for the berry industry in Serbia. The international partners will then provide technical training for their partners in Serbia. Besides linking the partners and providing the overall coordination of the activities, the Project will organize, and cover the costs related to presentations, workshops, and the transportation of vendors and/or participants where necessary. In case of locally supplied equipment, the Project will help in organizing field demonstrations, facilitate information dissemination, provide expert advice in resolving some of remaining issues etc. Activity timeframe: over the course of Project Year Four.

*Expected results: At least 10 client businesses trained/familiar with machine harvesting technology and application terms, and a minimum three ready to proceed with setting up raspberry orchards for machine harvesting; By the end of Year Four, the Project will have facilitated application of locally produced harvesters or at least one partnership contract between a Serbian service provider and an international supplier, with a total transaction value of \$100,000 within one year after its inception.*

#### **1.2.2 Assist Clients to Access Financial Resources**

The Berry Fruit Sector Lead has not planned any specific activities or events related to improving access to financial resources for sector clients, but the Sector Lead will cooperate and coordinate with the ABDS & Finance Specialist on an as-needed basis to support cross-cutting efforts to facilitate access to credit and finance.

### **1.3: Support Sales & Marketing Efforts**

#### **1.3.1 Support Client Participation in Trade Fairs**

##### **1.3.1.1: Support Companies that Participate in Trade Fairs**

In Year Four the Project will continue its support to Serbian agricultural sector to promote internationally its potentials with a focus on enhancing the sales of fresh and processed value-added products. As the Project has done in past years, co-funding will be provided to selected berry sub-sector clients to enable them to exhibit at relevant international trade fairs. However, the approach will be quite different: instead of organizing the clients' participation at selected international trade fairs, the Project will provide grant(s) to competent national association(s) that will take over the overall organization of Serbian participation and promote themselves, their members and products at selected markets, and thus achieve increased exports. Besides the new exports generated by participating POs and their member businesses, these events will also support Project efforts to support further the development of relevant national associations.

> SIAL, Paris	Oct 2010
> Fruit Logistica, Berlin	Feb 2011
> Fancy Food, Washington	Jun 2011
> World Food, Moscow	Sep 2011

The preliminary list of trade fairs which should have participation by Berry Fruit national associations is shown above. Prior to attending the fairs, all participants will receive training and technical assistance to insure they are well prepared, and that their exhibit and negotiations at the fair will be successful. These events will be undertaken in partnership with the Ministry of Agriculture and SIEPA, which will provide its coordination assistance and matching funds where possible. The events take place over the course of Year Four, with the timing of the individual fairs indicated above. (For more detail please refer to the Marketing & Sales section of the Workplan).

*Expected results: At least 2 national associations and 12 member-businesses supported, and at least \$1M of new sales contracted and executed over one year from the event, and additional \$1.2M under negotiation.*

#### **1.3.2 Assist Clients to Undertake Trade Missions**

Through a cost-sharing arrangement the Project plans to help selected berry sector client firms or preferably their associations to send delegations to conduct sales mission trips to major international markets. These activities will be in addition to any sales missions that will be conducted within the context of the support for participation at international fairs and the Project's grants program for national associations. Via these Missions participants will be able to assess market demands and competition, prepare for upgrading their own production/processing, meet with potential buyers, and, where possible, begin the sales negotiation process. It is planned that in Year Four the Project will assist at least one berry fruit sales mission, which will include representatives from four to eight Project client firms each.

##### **1.3.2.1: Sales Trade Mission to Poland**

As a component of Project assistance aimed at strengthening national Producer Organizations and improving producers' knowledge & links with international partners, the Project will support a cost-share Trade Mission to Poland for a group of representatives of vertically-integrated berry-fruit producers (Producer Organizations) and ABDS providers. This activity will be a follow-up to the TA provided to vertically integrated operators, described under bullet No.1.1.3.2. In spring of 2011 participants will visit selected businesses in south Poland, i.e. in Lublenskie province where most of

raspberries for processing are grown and processed for export. The participants will see there the latest production and post-harvest technologies, learn about and observe the application of various machine harvesting equipment, meet with varieties developed in Poland (including Polka) and learn about their potential application in Serbia and the overall organization of production and processing of primocane varieties. They will also expand their knowledge about strengths and weaknesses of Polish competitors. In addition, interested participants will be able to discuss quality and seasonal requirements with their counterparts in Poland and begin negotiations for potential business cooperation. Following this trip, through various Project organized activities, the participants will share the knowledge they learned with other sector stakeholders. In addition to the producers and the ABDS providers, a national TV reporter will take part in the trade mission, to prepare and broadcast a special show on the activity. This show will focus on the new fruit production and processing technologies observed, and the market opportunities identified.

*Expected results: With this Trade Mission three ABDS providers and five berry fruit producers will participate. A total of 100 farmer/growers will have improved access to new technologies, and to international selling opportunities. It is expected that at least one new sales contract will be negotiated, with \$150,000 of new sales achieved within one year.*

### **1.3.2.2: Market Research and Studies for Berries**

During the first half of its implementation, the Project has witnessed significant changes that the global market for berries continued to go through. While market for frozen berries remained quite stable, increased purchasing power and changing consumption patterns, together with new processing opportunities, improved logistics and cultivars have resulted in more changes in demands of higher value-added processed and fresh markets. These have led to creation of new selling opportunities for Serbian berry industry that was strongly assisted to date by the Project in taking advantage of them. To provide general guidance for further development of the sector and for informed decision making process, the industry needs answers to some questions that are key to decide which direction to go, such as: is there sufficient demand for freeze-dried products in the global market, can Serbia establish sustainable sales of processed or even fresh berries at Russian market, etc. As a part of technical assistance to national producer organizations, the Project will select and hire a competent service provider/STTA to conduct the research, and will assist publicizing its findings. The berry fruit sector lead is working with industry stakeholders and their associations, and will jointly determine the project goals and scope of work for the selected service provider. Activity timeframe: Dec 2010 – Apr 2011.

*Expected results: It is expected that at least one market research will be conducted, a total 40 businesses will have improved access to market information from which at least 10 businesses will benefit through increased exports worth \$100,000 achieved within a year.*

## **1.4: Support Youth & Gender Involvement**

### **1.4.1 Encourage & Support Youth Involvement in Berry Sector**

#### **1.4.1.1: Visit Ag Schools & Faculties to Encourage Future Berry Entrepreneurs**

Similarly to activities done in Year Three, the Berry Fruit Sector Lead will make periodic visits to faculties and high schools of agriculture during the year to introduce students with market trends and encourage them to plan their careers in conjunction with berry fruit production and processing. Presentations will be made on the new business opportunities, such as fresh berries for export, and the production of cranberries and blueberries, to attract young entrepreneurs and to inform them of business and employment opportunities in this sector. The Sector Lead will present the Value Chain Assessment findings, and newly developing opportunities, in both the local and international markets. The Sector Lead will also encourage the students to submit applications to the Business

Plan competition, apply for grants and/or technical assistance, and participate with the Project in other ways. Additionally, where sufficient interest is identified, young entrepreneurs will be included in sub-sector specific technical assistance and advisory services that can provide the most benefit to them. This activity will take place throughout the Year Four of the Project.

### **1.5: Support Cross-Cutting Functions**

#### **1.5.1 Support the Project Grant Program**

There are many individual companies in the berry fruit sector that are participants in Agribusiness Project grant programs, including international standards, marketing & promotion, and youth & gender grants. As earlier mentioned, the Project is still considering a new technologies' grants program that would be developed and launched in Year Four after getting USAID's approval. Based on the Project's work and clients' plans and needs assessed so far, it is obvious that a significant number of Project clients are highly interested in taking part in this grants program as well. The Berry Fruit Sector Lead will continue to provide support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting and documentation on their grants. The Berry Fruit Sector Lead will also support the overall objectives of the grant program, and encourage and support sector clients to respond to grant programs as appropriate.

*Expected results: While exact numbers cannot be predicted, it is expected that, other than clients already participating in grants programs, additional five producer organizations and/or production companies will be assisted with the new technology grant program, at least three new technologies will be applied, with added sales of \$300,000 being generated as a result of the new technology and six full-time jobs created within one year*

#### **1.5.2 Support Policy Reform Efforts**

The Berry Fruit Sector Lead will provide support on an as-needed basis to Project efforts to implement technical assistance and training related to introduction and/or enforcement of policy reform and new legislation, such as Safe Pesticide Use law, regulations governing export to specific markets and/or other activities organized or coordinated by Ag Info & Policy Specialist.

##### **1.5.2.1: Training on the Impact of UPOV Membership**

Since the Law on protection of plant breeders' rights has passed the Parliament, Serbia has met one of the last formal conditions to becoming a UPOV member. The only remaining two components now are the law's full enforcement and introduction of regulations that will define specific elements of its application. With UPOV membership, plant breeders' rights will be better protected and use of new varieties will be more professionally regulated in Serbia, which was not the case so far. To ensure the law's proper application and increase the awareness of this change in Serbia, the project will organize a one-day seminar that will enable interested stakeholders in Serbia – nurseries, fruit growers and processors to learn about new regulations, how to deal with intellectual property rights/royalties and use them to introduce new varieties in Serbia and improve overall quality of planting material. The activity will be implemented in close cooperation with Serbian Ministry of Agriculture, UPOV Association, Serbian Fruit Scientists' Society and involved national POs such as Fruits of Serbia and Serbian Coldstores' Association. Within this activity a grantee or an STTA hired by the project will prepare a guidebook that will be distributed to seminar attendees and afterwards to interested stakeholders. The seminar will coincide with Serbia's official joining UPOV and is tentatively planned for a period prior to or right after it; however, it has been expected to happen in late 2009 or early 2010, but has been postponed due to the missing two components mentioned above. Project timeframe: Mar – Apr 2011. (For more detail please refer to the Ag Policy & Market Information section of the Workplan).

*Expected results: Improved availability of new cultivars and increased public awareness on the plant breeders' rights and their protection. At least five nurseries and 20 producers, with more than 1,000 members, will be trained on the impact of UPOV membership.*

**1.5.2.2: Support GlobalGAP Adoption by Berry Producers**

As was described above, in Section 1.1.4.1, the Berry Fruit Sector Lead will provide support to the cross-cutting elements of the Project that are implementing the GlobalGAP international standards program. These include the Policy/Ag Info Specialist and the Grants Manager.

**1.5.2.3: Support Other Standards for Fresh Berries**

As was described above, in Section 1.1.4.2, the Berry Fruit Sector Lead will provide support to the cross-cutting elements of the Project that are supporting the adoption of other international standards by Project clients. These include the Policy/Ag Info Specialist and the Grants Manager.

Serbia Agribusiness Project Y4 WP GANTT Chart for BERRY FRUIT sub-sector		Month>	Oct 2010				Nov 2010				Dec 2010				Jan 2011				Feb 2011				Mar 2011				Apr 2011				May 2011				Jun 2011				Jul 2011				Aug 2011				Sep 2011							
		Week>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
Task	Activity	Event																																																				
1.0	BERRY FRUIT Commodity Action Plan activities																																																					
	1.01	5 Trainings on the Use of High Tunnels for Berries - US-Consultant																																																				
	1.02	3 Cycles of Advisory Assistance re. Tunnels for Berries-Local Consultant																																																				
	1.03	Training program to strengthen diversified production of 10 POs																																																				
	1.04	4 Cycles of TA to strengthen Vertically Integrated Operators																																																				
		Training & advisory assistance - 7 Raspberry/Blackberry Producers & Processors																																																				
		Training & advisory assistance - 3 to 5 Strawberry Producers & Processors																																																				
		Study Tour to Italy																																																				
	1.05	Post-harvest and Cold Chain Management Training & Advisory Assistance																																																				
	1.06	Russian Berry Fruit Market Research and Presentation																																																				
	1.07	Foster Partnerships for Input Supply-Machine Harvesters Presentation and Trials																																																				
	1.08	Trade Mission/Study Tour to Poland																																																				
1.1	Strengthen Producer Organizations support activities																																																					
		Work closely with PO Specialist on Berry Fruit associations development																																																				
1.2	Improving ABDS/Finance Services support activities																																																					
		Organize, as needed, TA & Training for LM ABDS providers																																																				
1.3	Marketing & Sales Assistance support activities																																																					
		Support Companies that Participate in Trade Fairs																																																				
		Provide support to M&S to identify & select firms for Culmaria 2011																																																				
1.4	Youth Enterprise Program support activities																																																					
		Visit Ag Schools and Faculties to Encourage Future Berry Fruit Entrepreneurs																																																				
1.5	Environmental Compliance support activities																																																					
		Support Environmental Specialist on CP activities with Berry Fruit processors																																																				
1.6	Women in Agribusiness support activities																																																					
		Support Gender Advisor in her activities incipients from the Berry Fruit sector																																																				
2.0	Improving the Enabling Environment support activities																																																					
		Training on the Impact of UPOV Membership																																																				
		Work with the Policy Specialist on other issues relevant for Berries																																																				
3.0	Agribusiness Grant Program support activities																																																					
	3.1	International Standards Grant program support																																																				
		Support & assist Fresh & Processed Berry Fruit grantees																																																				
	3.2	Marketing & Promotion Grant program support																																																				
		Support & assist Berry Fruit sector grantees																																																				
	3.3	Agribusiness Association Grant program support																																																				
		Support for the National Associations to Implement Grants																																																				
	3.4	Women in Agribusiness Grant program support																																																				
		Support & assist Berry Fruit sector grantees																																																				
	3.5	Youth Enterprise Grant program support																																																				
		Support Project staff & assist Berry Fruit sector grantees																																																				

## DAIRY PRODUCTS

Main strategy goals of Dairy Sector Activities in Year 3 were to promote the systems and methodologies that will increase the efficiency of related dairy stakeholders facing the challenges of global financial crisis. Most of the planned technology investments were postponed and dairies shifted focus to internal operational restructuring and securing stable buyers. Farmers were on the down side of these trends and relatively left alone to find solutions for non competitive production (increased input costs, relatively low farm gate price and low government subsidy in addition to other restrictions by the law). In short, business and policy environment was unfavorable for dairy operations, with farmers taking most of the effects of the crisis. Of course, USAID Agribusiness Project responded to this dynamic change and instituted several actions considered appropriate for the situation.

USAID Agribusiness Project supported dairies to implement Dairy Management Software, thus increasing the efficiency of decision making processes. In addition, the project supported dairies by cost sharing new marketing initiatives aimed at increasing market presents and developing new marketing channels of the individual dairies, primarily in Serbia. As a result, Kuc dairy established own retail network, thus shifting sales from delinquent buyers to own structure, Nis dairy launched new product, while Zlatibor, Vihor and Mladost dairy changed visual identity of their product lines. Following the guidance for food safety, cleaner production and new technologies, the project promoted renewable biogas technologies from farm waste by delivering 4 feasibility studies, organizing investment tour to Dairy State of Wisconsin and one of the most renewed biogas technology companies GHD. As a result, Lazar Dairy from Blace closed investment loan arrangement valued at \$ 1,3 million with Societe Generale Bank. Currently, the dairy is undergoing different approval and license procedure in order to start with constructions.

In addition to working with domestic dairies with potential to grow, the project responded to initiatives from remote regions facing the limited opportunities for intervention. The USAID Agribusiness Project itself was proactive in stimulating enabling environment by organizing Dairy Awareness Seminars for local decision makers, LED offices, Rural Development network and other related stakeholders, showing the potential of the dairy sector but also the responsibility of local institutions for farmers and processors. Svrlijig Pogled dairy and Pirot Municipality responded with a request to support protection of geographic designation of traditional cheeses. The USAID Agribusiness Project accepted the initiatives.

Finally, understanding the importance of ultimate efficiency of the farm operations as a base for sustaining the business and importance for systematic solution rather than individual actions, the project collaborated with Ministry of Agriculture and local dairies in Sumadija region (Kuc and Mladost dairy) in setting up the regional center for dairy education. This is going to be the concept which would be supported in Year IV, with high interest coming for local dairy stakeholders in Sabac, Blace and Zrenjanin.

Main Obstacles in Year 3:

- Global financial crisis and decline of supermarkets purchasing power, forced dairies to postpone or reduce investment/expansion plans and focus on consolidation of business activities aimed at reducing costs, namely increase efficiency of the milk supply chain, improve the efficiencies of own farms, etc. This affected dairy companies' plans to support suppliers in developing quality supply. Also, companies aiming to explore new
- market opportunities reluctant to make additional costs in developing new market opportunities.
- Export markets/buyers experiencing financial crisis, limits dairy companies export arrangements in ex-Yu countries
- Inadequate/non determined government support policy with strong social component, which prevent consolidation of sector overall. Ministry of Agriculture not very responsive to systematic changes (ex. National Laboratory for Milk Testing).
- Stimulating policy measures - contributing to dynamic production output, promoting quality improvement, product marketing and export of food products are needed. Future integration processes, WTO requirements with regard to trade liberalization of food products should be taken into account. Obviously, non existence of National Dairy Processors Associations able to lobby for

industry interests allows the government to implement social regulations in the sector which prevents development of dairy sector overall.

### Prospects/Model Replication

- Domestic Dairy Companies acknowledge the importance of creating National Dairy Processors Association.
- ABDS providers involved in the project interested in capacity building programs and coordination of activities
- Adoption of new laws opens opportunities for additional technical assistance programs
- EU Commission develops Official Dairy Sectors Strategy for Serbia in 2009-10
- Ministry of Agriculture and Tetrapak interested to partner with USAID in promotion of dairy sector.
- Regional dairy center for education is concrete on field action which created a set of results which are aimed at promoting successful business model to interested stakeholders ( dairies, local economic development offices, municipalities and related institutions)

### YEAR 4 - OVERVIEW

This Plan for the Year IV is prepared with the certainty that it will be a time of intense challenge and change for the Serbian dairy industry. Market pressures, structural change and funding constraints demand that Serbian Dairy Sector maintains its focus on maximizing the value returned to Serbian dairy farmers from its activities, as a base for whole sector. After market volatility period in summer 2010, it is clear that all stakeholders must take responsibility in creating balanced environment for the sectors growth. The operating environment facing dairy industries in Serbia and globally is subject to change. Shifting consumer demand, climate change and competition for resources are just three factors that affect the long-term viability of local industries. Collaboration between farmers, manufacturers, regional development programs, industry bodies and government departments is simply the best way to move forward. The strength of collaboration is in bringing together industry partners to form a collective view of the challenges ahead, assessing the best ways forward, and agreeing on the best use of collective resources.

USAID Agribusiness Project's primarily role in Year IV is to continue to stimulate the environment for collaboration and shared accountability for delivering real outcomes for dairy stakeholders. It is important to mention that USAID Agribusiness Project Dairy component work is challenged by:

- the presence of monopoly group Salford (constituted from Imlek, Subotica, Novi Sad, Zemun and Impaz dairies), which is difficult to integrate along with interest of other dairies, thus enabling dairies to come with a common platform for future growth
- non existing representative Farmers or Industry Associations, which would hold the flag of systematic reforms.
- Ministry of Agriculture limited exposure to the industry, unlike farmers, but yet again more in a form declarative support.

However, the project created accountable partnership with main domestic dairies Sabac, Mladost, Kuc, Lazar, Nis and will continue to exercise upon the created trust, ultimately developing common dairy platform.

Domestic dairies share the importance of USAID Agribusiness Project and its role in collaboratively addressing mayor challenges in the Year IV:

1. Support regulatory reform and protect the unique benefits of Serbian dairy Sector
2. Develop value added, high margin markets, channels and products
3. Promote efficient farm management programs

### YEAR IV - PROGRAM ACTIVITIES

**OBJECTIVE 1:** Support regulatory reform and protect the unique benefits of Serbian Dairy Sector

### Context

Industry success depends on the positive regulatory environment and market perception of industry as reliable user of scarce resources. At the industry level, the right and ability of farmers and manufacturers to continue to operate in a preferred manner depends on commercial and community-wide awareness and buy-in to the sound business practices adopted by Serbian dairy stakeholders.

The focus will be on creation of industry representative association, which will be supported to become fully operational by the end of USAID Agribusiness Project. The Association mission will be to fill the gap and take active steps in addressing sectors weakness and proposing regulations or actions with Ministry of Agriculture Forestry and Water Management. The project will work to develop organization's functions able to promote the commercial and strategic sectors interests, including linkages with similar international industry associations. Also, the project will work with dairies to ensure that association reach full sustainability capacity in closing stages of Agribusiness Project.

Associated risks with development of functional Dairy Processors Association is related with the enduring effects of financial crisis primarily, which may affect dairies to allocate more resources on supporting own business, rather than investing in promotion of systematic changes in dairy sector. Other risk is related with the interest of dairy related businesses (packaging, lab equipment, technology suppliers) to support the existence of such association.

**Approach: Promote, protect and manage the dairy industry's reputation as a responsible and commercially sustainable producer.** Provide an effective issues management framework to identify, assess, manage and communicate the likely impact of emerging issues on industry.

**Ensure regulatory frameworks facilitate sustainable dairy production.** Ensure the regulatory environment facilitates the industry's continued operation of sound, self-managed business systems, quality and safety systems and processes

**Promote dairy product benefits to consumers and other key community and commercial decision-makers.** Proactively promote positive awareness and generate positive attitudes towards the value and contribution dairy makes to consumers and communities; promote the underlying soundness and quality of dairy production and quality systems; and help industry position dairy as an attractive market for commercial investment.

**Create active preferences for Serbian dairy in selected export markets.** Collaboratively create active and sustained preferences for Serbian dairy industry products over competing products and non-dairy substitutes.

### Planned activities:

- Conference with European Dairy Association "EU dairy policy, food safety standards and IPARD funds"
- IPARD training for Dairy Projects
- Support development of National Milk Testing Laboratories
- 5<sup>th</sup> Global Dairy Congress
- IDF World Dairy Summit 2011 in Parma
- School Milk Program and/or Three a day campaign
- Trade Fair-Gida-Turkey

**Type of assistance:** STTA and Project Activity Funds

**Methodology:** Tailored made (inter)national conferences, campaigns

**OBJECTIVE 2.** Develop value added, high margin markets, channels and products

**Context**

To sustain its future, the Serbian dairy industry needs vibrant and growing markets for its products. USAID Agribusiness Project seeks to create value off-farm, but in ways that appropriately re-distribute value back to farmers. This includes maintaining existing and developing new markets, products and channels to provide options for processors to find the most profitable places to put Serbian dairy products. Industry also needs the appropriate knowledge, information, technology and products to respond to the emerging threats and opportunities. In this plan, the project places emphasis on process improvement work and short-term product returns, as well as, long-term innovation and capability development that can ultimately benefit the industry.

**Approach**

**Maintain and secure access to established and new markets.** Help create a more favorable market environment through trade reform initiatives and positive regulatory action to maximize the opportunities to lift dairy prices and maintain continued access to high return markets.

**Provide the infrastructure for commercial innovation.** Invest in programs that provide returns to farmers through manufacturing innovation and the development of commercially viable products that will enhance the returns available to the Serbian industry.

**Capture and share knowledge and market intelligence for industry benefit.** Assist the capture and exchange of knowledge of industry developments and future profit drivers so the industry can better predict and adapt to potential threats and opportunities.

**Facilitate an effective policy development infrastructure within industry.** Maintain a positive regulatory and technical environment.

**Planned activities:**

- Dairy Staff Performance Modeling Training
- Dairy Finance Analytics and Strategy Training
- Flavor and Texture-Innovations in Dairy
- IDF International Symposium on non cow-milk products
- Dairy Industry InfoPoint
- Serbian Renewable Energy and Environment Forum-conference

**Type of assistance:** STTA and Project Activity Funds

**Methodology:** Tailored made (inter)national conferences

### **OBJECTIVE 3:** Promote efficient farm management programs

#### **Context**

Farmers have little individual ability to increase the prices they are paid. The best strategy for on-farm wealth creation is through increasing sustainable farm productivity (outputs divided by inputs) by reducing costs or increasing volumes for the same costs. Key areas of USAID Agribusiness Project focus include farm business management, feed base development, natural resource management and vocational education and training.

#### **Approach**

**Whole-of-farm business approach to improving farm margins.** Ensure the benefits from increasing farm productivity go directly to farmers. Adopt a comprehensive whole-of-farm business approach that focuses on raising farm margins (rather than gross returns/output) that includes feed, cattle, land, labour and water management, business management systems, skills development, extension programs and technology application. Invest in cutting-edge research projects in key areas that maximize future farm productivity.

**Create better linkages between R&D and Extension (E) to increase the adoption of new systems, practices and techniques on-farm.** Establish more effective linkages between R&D and E to ensure effective take up of generated knowledge and science leading to profitable changes in on-farm practices.

**Improve capability and capacity, decision-making and business system support at farm level.** Address capability/capacity issues for farmers and service providers, research and extension providers to improve effective decision-making and opportunity/risk assessment in an increasingly complex environment. Involves increasing the range of high quality, well-informed, independent sources of support to help farmers make better decisions and realize productivity gains from new practices. This will include closer alignment of vocational training with farm needs and decision-making support.

#### **Planned activities:**

- Regional training centers/programs in Sabac, Blace and Zrenjanin
- National Awareness Conference on Dairy Policy and implications on dairy farmers

**Type of assistance:** STTA and Project Activity Funds

**Methodology:** Support regional initiatives, setup of training centers; tailored made conferences



## LIVESTOCK & MEAT

At the time the Year Four Workplan was under preparation the staff needed for the development of the livestock & meat plan had not been hired as yet. This new hire is dependent on the Project receiving approval of the pending budget modification, which includes full implementation of the Nis field office and the hiring of the Agricultural Advisor for that office. At this time the Livestock & Meat section of the plan is lacks detail, which will be filled in once the new hire is on board and he and the DCoP have had a chance to visit with prospective Project clients and to more clearly define the activities for this sub-sector in Year Four. The following text is what is included in the summary workplan, which provides a general overview of the activities for this sub-sector.

### **Introduction & Overview:**

The Value Chain Assessment and the Commodity Action Plan for the livestock sector determined that the main opportunity for Project assistance was with “Baby Beef” production and exports. This was based on the existence of an unmet market quota for 8,700 tons of meat for the EU. Based on these documents, Project assistance during the first two and a half years has focused on support for animal production, in an effort to increase the number and weight of beef cows available for slaughter. During the early part of year three a number of reviews of the livestock sector strategy were undertaken and serious challenges for the livestock strategy were identified. These included the uncertain size of the EU market for Baby Beef, the declining beef herd in Serbia, significant loss of animals through informal cross-border trade, and slaughterhouse cash flow problems due to delayed payments from customers. Because of these challenges to Baby Beef, the Project has decided to re-focus, and limit, the activities undertaken in the Livestock/Meat sector for Year Four.

For Year Four Project activities in the Livestock/Meat sector will shift to the processing level in an effort to improve the competitiveness of local meat processors and to assist them to expand their markets internally and externally. The Livestock VCA, and the CAP, had identified the meat processing industry as a good potential target for Project interventions, but this was overlooked in subsequent annual workplans as the Project focused on Baby Beef. The Livestock CAP stated that the Project “should not ignore the domestic & ex-Yugoslav meat market, which accounts for 98% of the sales for the meat industry.” The VCA also proposed that the Project seek to “increase domestic meat sales by 25,000 Tons, or \$110M/year, by 2012.”

With this shift in strategy, the Project will focus on small to medium scale meat processors and seek to develop a core group of firms that can become key Project partners. The Project will develop close working relationships with these firms and seek to identify those firms that can become models for others. The Project will support these firms in their efforts to grow their markets, both internally and externally. The assistance will focus on processed meat products, based on both beef and pork, with a particular emphasis on those products that are seen as uniquely and traditionally Serbian. The Project will undertake a variety of technical assistance activities for these companies, with an emphasis on the use of local service providers as much as possible. The Project will also work with the key firms in the sector to support the creation of a new Serbian Meat Processor’s Association that can effectively represent the industry to the Serbian government.

The Project will use technical training sessions, held in Novi Sad, Cacak and Nis, to bring together the key meat processing firms and to provide them with information on new products and technologies that can assist them with their business. The Project will bring in an American meat processing consultant for these meetings, and following the meetings the consultant will also

conduct one-on-one assignments at those meat processors who are interested in more in-depth assistance from the Project. The American consultant will be paired with a Serbian meat processing specialist, to transfer skills and capabilities. These meetings will also be used to promote the idea of a national meat processing association, to generate the support of the more influential members of the business for this idea. As a follow-on to these meetings the Project will support travel to Sofia or Bucharest for a small group of meat processors to visit with the meat associations that were established in those countries with assistance from USAID projects. Such a visit would provide the Serbian companies with a good model for the development of an association, and good ideas for the eventual purpose and objectives of the association.

In addition to the direct TA the Project will continue to promote appropriate grant programs to the meat processing firms. These would include the International Standards grants (a number of meat companies have applied for the second round of IS grants), and the Marketing & Packaging grant program. The Project will also support the participation of select meat processing companies at regional food trade fairs (ie in Macedonia, Albania, Bosnia, Croatia, etc), and the Project will support inward buyer Missions should that be appropriate. Another possible grant could be to a service provider that would provide technical assistance to the livestock farmer suppliers for a group of meat processing firms, similar to what was done with dairy farmers in Year Two.



## HERBS & MUSHROOMS

Based on the Value Chain Assessment (VCA) and the Commodity Action Plan (CAP) completed for the Herbs and Mushroom Sub-Sector during the first year of the Project, initial support for this sub-sector focused on wild mushrooms, and the strategy of a “gradual shift in volume from bulk to retail”. The initial strategy has proven to be valid, and it will continue to be a guiding principle for the wild mushroom sector for the remainder of the Project. As a result of Project assistance approximately 20% of the wild mushrooms previously sold as bulk are now delivered to the retail market. Although there is still a room for a further shift from bulk to retail (35% is the target), there are limits to how much more can be shifted. The main limiting factors are: some wild mushroom companies are not willing to compete with their current customers (importers of bulk, who then pack for the retail markets in their home countries), and there are limited quantities of wild mushrooms available for export because of the quota system, and weather conditions.

Therefore, the Agribusiness Project will re-focus its efforts in this sector to the herb value chain. The main reason for paying more attention to the herb sector are: Its potential for the export of final products in the regional market, The potential for the export of semi-processed products to the EU, An excellent collector and processor base, and Future opportunities for cultivated herbs. Implementation of this new approach began during Year Three, and this new approach has already delivered significant results. These results came from the herb stakeholder’s sales mission to Vienna, the Nis Tea Festival, enhancing exports through international fairs, and most importantly, establishing the National Association of Medicinal and Aromatic Plants Processors and Exporters “Serbian Flora”, which was one of the main goals established in the Year Three Work Plan.

The new herb strategy, which is to “increase the export of any kind of herb products, even semi-processed products”, will be the guiding principle for the herb sector over Years Four and Five. Therefore, marketing & promotional activities, the introduction of internationally recognized standards, product development support, the adoption of new technologies, and market access activities will be the primary assistance activities the Project will undertake for the herb processing industry. While assistance will be provided to individual firms, the most important activity in this sector will be assistance for the newly formed associations to carry on overall sector related activities. Broad sector related activities like addressing policy issues, trade missions, study tours, international and local fairs, international promotion campaigns, target market research, publications, and training seminars will be undertaken through the sector associations.

The sector associations which will be the focus of Project assistance are: the herb processors and exporters association “**Serbian Flora**”, the wild mushroom association “**Forest Fruits of Serbia**”, and the herb collectors and growers association “**Dr. Jovan Tucatov**”. The guiding principal for Project assistance in the Herb & Mushroom sector for Year Four will be to allow the national level producer organizations take on the responsibility for addressing the sector, and/or individual business, needs. The ultimate goal of the assistance is to make these industry associations active, dynamic, and sustainable, and to be effective partners for the Agribusiness Project. These organizations should be ready and able to carry on the support activities for these sectors (Herbs & Mushrooms) once the Agribusiness Project ends. Special attention will be given to the association “**Dr. Jovan Tucatov**”, which will be responsible for addressing the needs of growers, collectors and small scale processors, from the South-Eastern regions of Serbia.

## **1.1. Strengthen Producer Organizations in the Herb & Mushroom Sector**

### **1.1.1 Support Three National Level Associations**

The sector associations which will be the focus of Project assistance are: the herb processors and exporters association “Serbian Flora”, the wild mushroom association “Forest Fruits of Serbia”, and the herb collectors and growers association “Dr. Jovan Tucakov”. As explained in the Summary section, the guiding principal will be to allow the national level producer organizations take on the responsibility for addressing the sector, and/or individual business, needs with the project assistance. Selected associations will conduct following general activities with the support from the Project: address policy issues, conduct trade missions, study tours, exhibit on international and local fairs, international promotion campaigns, target market research, publications, conduct trainings and seminars etc.

#### **1.1.1.1: Support Clients with Marketing & Promotion Grants**

A number of Herb & Mushroom sector companies have applied for, and will receive, Project grants to improve their packaging and marketing activities which will increase the marketability of their value added products in export markets. Once the Project launch new grants program, the Sector Lead will work with the marketing agencies, ABDS providers, and/or STTAs, to insure the appropriate services are delivered to at least five sub-sector client companies. This program will support the applicants with the introduction of new packaging, new logos and/or visual identities, new product labeling, the creation of a company website, as well as product catalogues, brochures, and other promotional material. Sector Lead will work directly with the applicants.

*Expected results: Five applicants for the Marketing and Promotional Activities Program will receive grant funding, and will successfully develop and adopt new packaging, visual identities, and other promotional products.*

## **1.2: Improve ABDS & Finance Service Delivery**

### **1.2.1. Trainings and seminars**

#### **1.2.1.1. Organization of training programs and educational seminars for the association members and sector stakeholders**

A two-day lecturing on cultivation of medicinal and aromatic plants will be held within the 8th Nis Tea Festival in March 2011. Following topics will be covered:

- Lecture on the possibility of growing medicinal plants in the area of southern Serbia
- Lecture on the cost-effectiveness and capabilities of sales of these products
- Use of organic fertilizers in the production of medicinal herbs

Program of lectures will be followed by a promotional campaign (advertising and appearances) in electronic and print media in order to inform all interested in this field of production.

*Expected results: 60 seminar attendees, 10 farmers will start growing MAPs*

#### **1.2.1.2. Design and printing of educational materials for the association members and sector stakeholders**

Two handbooks will be printed, the handbook for medicinal herbs growers and the handbook for medicinal herbs collectors. The handbook for medicinal herbs growers will be presented about 20 most sought species of medicinal plants suitable for farming in southern Serbia. In addition to the conditions of growing with each type will be provided and available data on supply and demand given the culture in the Serbian market in the last few years. The last chapter of the Handbook will deal with the fundamental principles of organic production (organic fertilizers, composting, organic mulch...) The handbook will be done in collaboration with relevant experts, the Institute for Nature

Protection of Serbia and buyers. The handbook for medicinal herbs collectors will present about 50 most wanted wild plants for which there is constant demand, with the calendar data on the harvesting and plant habitat. The second part of the handbook will present about 40 endangered and protected species, which picking is banned or restricted. The handbook will be done in collaboration with the Institute for Nature Protection of Serbia.

*Expected results: 1,000 handbook printed and distributed free of charge*

### **1.3: Support Sales & Marketing Efforts**

#### **1.3.1 Support Client Participation in Trade Fairs**

##### **1.3.1.1. Participation of Serbian Flora Association at International Herbal Exhibition “Vitafoods” 2011**

Lack of knowledge about export opportunities at international trade shows and inexperience in trade show marketing is preventing a significant number of MAP companies from expanding their business in international markets. Therefore, MAP processors are mostly oriented towards domestic market. The idea is to support five members of the Association to exhibit at Vitafoods International and Finished Products Expo trade fair in Geneva which are the meeting place for everyone interested in nutraceuticals, cosmeceuticals, functional foods and the functional drinks industries. This initiative emerged as a follow-up the VitaFoods trade fair visit – trade mission that USAID Agribusiness Project has implemented in 2009 and 2010. Based on 2009 fair experience and results, 5 association members are encouraged and prepared to exhibit.

*Expected results: Exhibiting at the Fair will generate direct benefit to the Herbs sub-sector in the amount of \$500,000 within a year and 7 purchase contracts signed with foreign buyers of semi-processed and final products.*

##### **1.3.1.1. Participation of Jovan Tucakov Association at Agricultural Trade Fair Novi Sad in 2011**

Since this fair is the biggest and most visited event of its kind in the region, facing both domestic and foreign markets, it is considered an opportunity to present the association and its products. Exhibition includes lease of the main stand and modern stand design that will present the products of the association members. Most of the exhibitors will be from South-Eastern regions of Serbia

*Expected results: Exhibiting at the Fair will generate direct benefit to 10 exhibiting companies in the amount of \$150,000 within a year and 15 purchase contracts signed with foreign and domestic buyers.*

#### **1.3.2. Assist Clients to Undertake Trade Mission**

##### **1.3.2.1. Trade mission to Albania and a visit of Albanian partners to Serbia**

Since only few association members have strong and permanent export activities, it is worthwhile to improve capacities for export of association members through establishment of new contacts and relations, especially in the region. One of the counterpart associations in the region is EPCA – the Essences Producers and Cultivators Association, representing the herbs and spices industry in Albania. Establishment of relations with EPCA is thought to be efficient way to improve existing business of members of “Serbian Flora”, since Serbian and Albanian herbal resources and markets are compatible. Serbian Flora will organize mutual business to business meetings, one in Belgrade and one in Tirana. First meeting could be held in Tirana in autumn, i.e. October-November (period of not intensive supply of herbs) while the second in early spring in Belgrade (February-March). Furthermore, the mutual visits will bring new and useful information about each association, which

could be especially significant to Serbian Flora in term of understanding of organizational structure, development and sustainability of EPCA as more experienced association in herbal industry.

*Expected results: This activity will result in established relations and collaboration between Serbian and Albanian associations of herbs and spices industry. In addition, members of these associations will initiate mutual trade as well as joint entering the new markets. Total potential value of mutual trade and cooperative sale is estimated at about \$ 150.000 during the Project period.*

### **1.3.3. Domestic and International Promotion**

#### **1.3.3.1. Promotion of Serbian Herbal Sector in International Journal**

Since global situation and, especially potential of natural resources of medicinal plants, as well as the capacity of herbal sector in Serbia have not been so far sufficiently visible and known in wider international scope, it is considered that an article published in an internationally recognized journal (such as “Arzneimittelforschung/Drug Research”, published in Germany and and “Nutraceuticals World which are distributed to broad audience of professionals, scientists as well as food, medical and pharmaceutical industry) will strongly contribute to development of Serbian Flora and Serbian herbal industry in general. Main information of Serbian herbal industry and herbal sector (biodiversity, state of populations, collecting, processing, trading, export-import, legislative, implementation of certification and international standards and practices, etc.) could be interesting for professional, scientific and business audience. Thus, information on Serbian Flora and its members as key players in herbs and spices industry of Serbia could additionally attract new potential buyers and partners. All herbs sector will benefit from this activity.

*Expected results: The activity will result in increasing visibility of all Serbian herbal industry towards target audience, including new potential buyers and partners from food, cosmetic, pharmaceutical and related industries. At least one article published in international journal*

#### **1.3.3.2. Promotional campaign at the targeted Belgrade market – Great Festival of Medicinal and Aromatic Plants – Sport Center Olimp, Belgrade**

Since the association has initiated so far two successful events of this type, but which are facing a narrow local market (Sokobanja) and some wider, regional (region of Nis), the Association need to introduce the broader market, especially in the Belgrade market, certainly the largest market in Serbia. This event will allow members of the association to connect with larger firms, oriented towards export markets outside of Serbia, as well as with direct consumers. In this way will be present the complete offer of pickers, processors and producers of medicinal and aromatic plants of the south of Serbia.

*Expected results: At this festival will be achieved a direct sale. The festival will last lasts for 4 days and event is free of charge to the public, it is exepcted over 15,000 visitors, representing a turnover of at least \$ 100,000.*

### **1.3.4. Association Visual Identity, Web Site, Marketing & Promotional Material**

#### **1.3.4.1 Serbian Flora**

In order to be recognizable in the region and internationally, it is necessary to perform some steps to accomplish visual identity and accessible and reachable information about itself. Thus, the logo of association should be designed, followed with creation of the web site which should be informative, attractive and comprehensive to catch the attention of potential buyers and to facilitate stronger and efficient contacts and networks. In addition, designing and publishing of promoting material (catalogues, leaflets, business cards, advertising material, etc.) would also improve establishment of

new links enabling enter into new markets and increase of profit of the association's members. Actually, each association member will be presented at the association's web site, whereas the main purpose of the web site is presentation of the association itself.

*Expected result: This activity aims to increase association's visibility and to provide all relevant information about itself and herbal sector in Serbia in order to attract new potential buyers and enable easier and more efficient direct communication. It is expected that at least three new business contacts will be established thanks to promotional material and especially the web site of the association. This business contacts would result in increase of export in approximate range of \$ 70.000 during the Project period.*

#### **1.3.4.2 Jovan Tucakov**

The plan is to restructure the association and therefore a completely new visual identity will be needed including the association's logo in line with modern business trends. This new design will fit into all subsequent promotional materials, web site, and will be used for promotional material, packaging etc. The association's catalogue and promotional materials will be used for joint activities e.g. appearance at fairs and other events, whereby the association's active members will be promoted. The association's web site will be used as a venue for presenting the association's members, their activities, news from the sector, seasonal supply and demand of goods and business contacts.

*Expected result: Increased association's visibility and distribution of relevant information about association and herbal sector in Serbia. Attract new potential buyers and enable easier and more efficient direct communication. It is expected that at least three new business contacts will be established thanks to promotional material and especially the web site of the association. This business contacts would result in increase of export in approximate range of \$ 30.000 during the Project period.*

#### **1.3.4.2 Forest Fruits of Serbia**

Marketing campaign is very important and necessary for the successful functioning of the association. Promotional material will serve to inform the public about the scope of activities of the association. All interested parties will thus be able to inform on the activities of Association, industrial products, on new technologies; Association logo will be ID card associations and character recognition and enable diversity in relation to other associations; Website will enable the association to be represented in electronic form. The possibility of development and presentation of ideas, products, new information, studies, and research results of all interested parties over the Internet;

*Expected result: Increased association's visibility*

### **1.4: Support Youth & Gender Involvement**

### **1.5: Support Cross-Cutting Functions**

#### **1.5.1. Support Policy Reform Efforts**

##### **1.5.1.1. Market research and analysis of the herbal sector for the purposes of designing proposals to change industry-related policies and regulations**

Herbal sector in Serbia is known for its long tradition and outstanding potentials. However, business environment is affected by national legislative (e.g. particular bylaws) and related administrative regulations which limit the capacity and expansion of sector. Particular regulations, administrative

and technical obstacles cause difficulties to the stakeholders, particularly to herbal exporters, and decrease competitiveness of all involved in the herbal sector as well. This situation mainly refers to existing quota system (e.g. payment in advance independently of realization) and required special permissions for import of MAP species.

Therefore, there is a strong necessity for exhaustive analysis of national, regional and international (in first EU) legislative within the framework of wild species (flora) collecting, processing, trade and export/import. Survey of good collecting practices and in situ conservation of biological resources upon sustainable use of resources of wild herbs will result in the study report prepared by the Project consultant to be accessible for Serbian Flora members, as well as for all interested in herbal sector of Serbia, since will be attached to the web site of the association. On the other hand, main outcomes of professional survey conducted by the Project consultant will be implemented in the set of documents which will be submitted to the relevant focal points involved in creation of target legislative (e.g. Ministry of environment protection and spatial planning, Institute for Nature Protection, Ministry of Trade and Services, etc.). Moreover, advocacy and lobbying for change of legislation framework which will be conducted by the Project consultant will permit an enhancement of business environment and business capacity of members of the Serbian Flora.

*Expected results: As a result of this activity the research study about resources and legal environment of Serbian herbal industry will be provided to be used to initiate legislative changes all in order to improve business environment of herbal sector in Serbia. The increase of quotas for particular plants, collecting fees and export/import procedures will be addressed. It is reasonable to expect that activity will improve business environment and that will strongly concern the whole sector. This activity would result in change of particular bylaws and related administrative procedures.*

**1.5.1.2. Target market and/ or commodity researches, studies and analysis - Study on the level of presence of heavy metals in soil and mushrooms**

Different markets have different regulations regarding allowed presence of heavy metals in products which are imported. For example Russia as a market has more strict regulations than EU market. It is a known fact that wild mushrooms collected from different regions have different level of heavy metals. At the moment exporting companies have to pay expensive heavy metal analysis for each shipment or they are risking return of the shipment from the border. In order to avoid such risk and costs comprehensive research and analysis of presence of heavy metals in soil and mushrooms is needed to be conducted. Analysis will show level of presence of heavy metals in mushrooms collected from different regions so exporting companies will know, depending on the region they are collecting wild mushrooms, on which markets they should focus on. This study will be of public interest for all involved in this activity and will be available to all interested parties.

*Expected result: Completed study distributed to all stakeholders involved in wild mushroom export*

**1.5.2. Support the Project Grant Program**

**1.5.2.1. Support Standards Program for Herb & Mushroom Clients**

In Year four the Project will continue its ongoing international certification program, through which a minimum of three selected herb and/or mushroom companies will be assisted to implement one of the standards required by their foreign markets: i.e. GlobalGAP, ISO 22000, ISO 14000, IFS, Organic, or others. These standards will serve as tools for Project clients to improve their overall competitiveness, and to achieve new sales and higher margins in these international markets. As was the case in Year Two, Project funds will be used to cover 50% of the cost related to consulting services for preparation, and up to 70% for the certification itself. The Ag Info and Policy

Specialist will be responsible for the management of this program, and the Sector Lead will provide support to insure proper implementation of this program.

*Expected results: At least seven herb and/or mushroom companies will become certified, and will improve their ability to market their products in international markets.*

### **1.5.3. Support Client Participation in Trade Fairs**

#### **1.5.3.1. Support Companies that Participate in Trade Fairs**

During Year four the Project will continue to provide partial support for the participation of client firms from all the six sectors at international trade fairs and exhibitions. The best prospects for participation in these events by Herb & Mushroom clients are as follows:

- > Agriculture fair – Novi Sad
- > BioFach Fair - Nuremburg
- > Fancy Food - New York
- > Great Festival of Medicinal and Aromatic Plants - Belgrade
- > International Herbal Exhibition “Vitafoods” - Geneva

In Year four, the Project will continue to work with individual sub-sector stakeholders, and their related industry associations, as leverage points to organize exhibitions at trade shows for their members. Besides the new exports generated by participating businesses, these activities will be aimed at supporting further development of these national associations. All participants, especially new ones, will receive training and consultancy services related to preparations, exhibition, and negotiation both during and after attending a fair. At least ten client companies will exhibit at the fairs selected for participation by Project clients. The marketing and sales team will be responsible for the overall organization of the fairs, while the Sector Lead will recommend clients for participation and work on follow up activities.

*Expected results: Participating companies will generate at least \$1.5 million of additional sales and exports, and they will sign 15 to 20 new sales contracts.*

### **1.5.4 Project Grant Program for the Herb & Mushroom Sector**

There are many individual companies in the herb and mushroom sector that are participants in the Agribusiness Project grant programs. The Herb & Mushroom Sector Lead will continue to provide support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting and documentation on their grants. The Herb & Mushroom Sector Lead will also support the overall objectives of the grant program and encourage and support sector clients to respond to grant programs as appropriate.

#### **1.5.1.1: Grant Program for Higher Value-Added Products**

The Herb & Mushroom Sector Lead will support the Agribusiness Project grant program by identifying good prospective grantees in his sector that could apply for new technology grants from the program. These grants would be focused on the adoption of new technologies (ie: technologies not currently used in Serbia) that would allow herb and mushroom companies to produce and market new and innovative products. The Sector Lead will act as a liaison between the prospective grantee and the Grants Manager to assist with proposal preparation and eventual grant implementation and reporting.



# TREE FRUIT

## INTRODUCTION AND OVERVIEW

Throughout the Project's Y3, activities of the Tree Fruit Sector were focused on the following:

- Assisting stakeholders from the apple industry to reduce production costs by improving production technologies
- Assisting cooperatives in improving management and technical performances of apple storage technologies
- Support to introduction of international standards and improving marketing performance of sector companies and cooperatives
- Preparing environment for introduction of new apple post harvest technology to Serbian market
- Support to sector companies and cooperatives to exhibit at international fairs through Associations of agribusinesses
- Creating environment for conducting activities in stone fruit commodities in Year Four

The export season of 2009/2010 was very successful for Serbian fresh fruit exporters - during the first 3 quarters of Project's Year 3 export values supported by the Project exceeded USD 1,500,000. Though, Polish exporters are still very competitive in terms of prices, and this is the reason why the Tree Fruit Sector was focusing on assisting Serbian apple producers to lower their production costs by improving their orchard management.

Besides, interest of tree fruit producers and processors for introduction of international standards is higher comparing with the Year 2, which is proved by the fact that 13 companies and cooperatives from this sector have signed Grant Agreements for Project's support in introduction of international standards.

However, fruit production in Serbia has suffered significant damages in the past 3 months due to high occurrence of heavy rain and hail storms. These weather conditions have and will cause yield reduction of 25-40% depending on the area and type of tree fruit and lower quality. Consequences of such damage are already noticeable on sour cherries and plums that are in the harvest and export season right now. Apple orchards will also be affected by this damage - estimations go from 20 - 30% yield reduction, but the exact situation will be known by October. Therefore, it not expected for exports of fresh fruit to be as high as in 2010.

The CAP for the Tree Fruit Sector emphasizes apples as the most important commodity in the sector that has the highest export value and directs most of sector's activities towards this commodity. Apples have shown to have the highest export value of all tree fruit (fresh and processed) and the sector has been dedicating most of its' activities to technical and marketing support of apple production and sales. These activities will continue in Year Four in terms of assisting entrance of new technology aimed at improving quality of stored apples and prolonging their marketing season with the goal to reach higher export prices.

Besides, in accordance with the Market study on export potential of Serbian fresh fruit that was performed in the Second Quarter of Year Three, the significant potential is also identified within fresh stone fruit exports to Russia (plums and sweet cherries). Problems that are especially emerging during the production season of 2010 have been identified within sour cherry industry.

Therefore, part of the activities of the Tree fruit Sector will be oriented towards these commodities and included into Year Four Work Plan.

The main course presented in the CAP will be maintained, while more attention than earlier will be directed towards support to stone fruit production, processing and marketing.

#### **COMPONENT 1: INCREASED EFFICIENCY & COMPETITIVENESS IN THE SUB-SECTOR**

##### **Objective 1.1: Improve levels and quality of Stone Fruit Production**

Exports of fresh apples are characterized with the highest value among other tree fruit products (fresh or processed) - in 2009 this value has exceeded 39 million USD. However, significant potential also exists in production and marketing of fresh or processed stone fruits, in the first place plums and prunes, sweet and sour cherries. In the second quarter of Year 3, the Agribusiness Project has conducted the Research of Russian, Ukrainian and Belarus market for exporting fresh fruit from Serbia that has confirmed export potentials of fresh plums, peaches and sweet cherries to these markets. Besides, traditional markets for frozen sour cherries and plums from Serbia - EU countries - still remain most important clients for these products.

##### ***Activity 1.1.1: Support organization of the Conference on sweet and sour cherry production and provide technical assistance in sweet cherry production***

Sweet cherries represent one of the commodities with the highest potential for exports to Russia, UK and some other EU countries. Complete quantities produced in Serbia are exported to Russia. In the year of 2009 Serbia has exported 3,000 t of sweet cherries, while the production of this fruit is rather stagnating in the past 20 years. However, due to opportunities for exports and high export prices interest for growing this crop is increasing in past two years.

Sweet cherry production in Serbia is characterized with lack of information on new varieties demanded by the market, development of production technologies, packing and standards. In order to assess production technologies and provide technical assistance to existing commercial sweet cherry plantings in Serbia, an assignment to address these issues will be organized. The STTA will also have a lecture at the Conference on Sweet and Sour Cherry Production which will take place in February 2011. The goal of this conference will be to provide data on current situation in sweet and sour cherry production in Serbia and information on modern production technologies, as well as on target markets for this commodity. The conference will be organized by Belgrade Faculty of Agriculture and supported by the Agribusiness Project.

*Time frame:* February

*STTA identified:* Prof. Gregory L. Lang, University of Michigan

*Expected results:* Increase exports of sweet cherries by improving production technologies by 5%

*Identified participants:* Borjana and Strela companies, growers from Ritopek, Smederevo and Topola regions

*Staff member responsible:* Tree Fruit Sector Lead

##### ***Activity 1.1.2: Support the Association of Serbian prune Producers in increasing quality and sales of products***

In June 2010, the National Association of Serbian Prune Producers was established with the primary goal to enable Serbian companies to jointly offer larger quantities of fruit to Russian buyers. Another goal of the association is to improve the competitiveness of domestic prune

production, starting from individual plum producers and continuing through to marketing of prunes in foreign markets. In cooperation with the Association, the Tree Fruit Sector will provide technical assistance to members of the Association and their suppliers regarding quality of raw material and drying technologies.

*Time frame* – March – August 2011

*Expected results:* 5 prune producers and their suppliers trained on new production technologies; increased quality of fresh product measured in overall sales by \$ 150.000

*Identified participants:* Member companies of the Association of Prune producers and their suppliers

*Staff member responsible:* Tree Fruit Sector Lead, PO Specialist

***Activity 1.1.3: Sour cherry industry analysis***

In order to address problems of exporters and producers of sour cherries in the South-East Serbia (Prokuplje, Kursumlija, Leskovac) and central Serbia, the Tree Fruit Sector will dedicate part of its activities to this issue. The on-going sour cherry production season is characterized with low quantities of harvested sour cherries and the unsatisfactory quality. The main reason for this are unfavorable weather conditions present during ripening time and inadequately applied plant protection measures that have caused occurrence of fungal diseases and low quality. The Agribusiness Project will engage a local STTA to perform Serbian sour cherry industry analysis with the main goal to provide all the relevant information on the problems this industry is facing, main constraints, potentials and ways to overcome existing difficulties. This task falls into the Project's Southern Strategy concerning the Tree Fruit Sector.

*Time frame:* November 2010 - March 2011

*Expected results:* The study will provide guidance future activities that need to be performed in order to increase quality and competitiveness of Serbian sour cherry industry

*STTA identified:* Prof. Zorica Sredojevic, Belgrade University of Agriculture, Department of Agroecconomics

*Identified participants:* This study will be conducted in cooperation with sour cherry producers, processors and exporters

*Staff member responsible:* Tree Fruit Sector Lead

***Activity 1.1.4: Sour cherry industry analysis and trainings on plant protection practices***

In accordance with the results of the study, 2-4 trainings on sour cherry production technologies will be organized for suppliers of sour cherry exporters from the South of Serbia (regions of Leskovac, Prokuplje and Kursumlija). These trainings will address constraints identified through the Study and will be performed in cooperation with cold stores from this area. Besides, cooperation on this matter is expected also with the Program for Private Sector Development in the Fruit and Berry Sectors in Southern Serbia that will be implemented by the Danish Neighborhood Program and Serbian Ministry of Agriculture. Goal of these trainings will be to address the most important issues related to production technologies (plant protection programs used in sour cherries in the first place) and they will be targeted towards suppliers of these cold stores.

*Time frame:* February - March 2011

*Expected results:* 150 suppliers (sour cherry producers) of cold stores will be trained on ways to improve their production technologies; expected 15% increase in yields and 10% in export sales

*Identified participants - Suppliers of cold stores:* Fortis, Frigonais, Vulic&Vulic, Association of sour cherry producers

*Staff member responsible:* Tree Fruit Sector Lead

**Objective 1.2: Support introduction of market required standards' certificates**

After the Public call for Project's Program for introduction of international standards has been completed, additional review boards for compliment with requested criteria followed together with site visits of each applicant that were performed by the Sector Lead. In accordance to the information gathered during visiting and interviewing applicants, the total of 13 applicants from the Tree Fruit Sector were recommended for signing Grant Agreements for Project's support in introduction of international standards.

***Activity 1.2.1: Assist cooperatives and companies introduce market required certificates***

Throughout the first two quarters of Year 4, the Tree Fruit Sector Lead will provide follow up and support to all the Project's clients that have signed Grant Agreements for Project's support in introduction of international standards. Out of mentioned 13 beneficiaries, 9 companies and two cooperatives will introduce ISO 22000 standards into cold store and fruit processing, one company will introduce IFS standards into frozen fruit processing and one cooperative and one individual producer will introduce GlobalGAP into redcurrant and apple production.

*Timeframe:* October 2010 - March 2011

*Participants:* Desing, Agrokooperativa Domacin, Agrofrost, Fortis, Frigonais, Duga Fruit, Duga Komerc, DBD System, GMP Enterprises, Frost Line, PG Green, ZZ Green Group, AgropromCom

*Staff person responsible:* Tree Fruit Sector Lead, Grants Manager

**Task 1.1: Strengthen Producer Organizations in the Tree Fruit Sector**

**Objective 1.1.1: Prepare producer organizations for new postharvest technology**

Throughout the Year Tree, the Tree Fruit Sector and the Producer Organizations component were active in supporting creation of environment for introduction a new post harvest technology to Serbian fresh tree fruit industry. In accordance with interest of several producer organizations, the Project has contacted Agrofresh company that is producing and distributing Smartfresh compound used in postharvest treatment of apples in order to maintain fresh produce quality, extend storage duration and consequently enable increase of export prices. It is expected for Smart Fresh product to be officially registered for application in Serbia in spring 2011 and the Tree Fruit Sector in cooperation with PO Component and ABDS provider who will be responsible for application of this technology in Serbia will dedicate part of its activities to preparation of cooperatives and companies for application of this technology.

***Activity 1.1.1.1: Training on apple post harvest activities and application of SmartFresh***

This activity will be comprised of serial of trainings that will cover subjects of best apple harvest and postharvest performances, with incorporated recommendations for applying and following effects of SmartFresh. Since efficiency of SmartFresh is closely connected to the quality of performed harvest and postharvest measures, these trainings will be aimed at achieving the highest quality fruit that will be subjected to treatment with this produce. The purpose of the trainings will be to improve quality of stored fruits, extend marketing period of certain varieties (especially Granny Smith) and achieve higher income. Trainings will be performed in cooperation with selected ABDS provider that is representing Agrofresh company in Serbia.

*Time frame:* May - July

*Expected results:* Total sales increase due to higher quality by USD 300.000 in 1 year time

*STTA identified:* Prof. Christopher Watkins, Cornell University

*Identified participants:* Members of cooperatives: Members of cooperatives within Fruitland Association, Golden Frucht, Cacanska jabuka, Rit, Green Group, and company representatives/suppliers involved in supervising apple harvest and postharvest handling: Greeny

doo, Atos Vinum, Juzni Banat, AD Podunavlje, Agrar Komerc, AgropromCom, Zdravo Organic, Rudnap Agrar

*Staff member responsible:* Tree Fruit Sector Lead, PO specialist

***Activity 1.1.1.2.: Organize study tour to Italy***

Organization of the study tour to Italy will be performed in cooperation of Project's Producer Organizations Development Component and the Ministry of Agriculture and will present the continuation of the Year Three Activity that has started with business trainings for cooperative managers. The study tour to Italy will be aimed for cooperatives that have applied for this program from all six subsectors and taken part in mentioned trainings. The goal of the study tour will be to present organizational models within Italian cooperatives and interaction between cooperatives from two countries in order to improve their own capacities. Cooperatives from the Tree Fruit Sector that will take part in this study tour are ZZ Vocko, ZZ Prima and ZZ Slankamenka. Information on the activity budget can be found in the Producer Organizations Development year 4 Work Plan.

***Activity 1.1.1.3: Organize study tour to Poland/Italy***

This activity is specifically targeted towards cooperatives from the Tree Fruit Sector. Poland is Serbia's main competitor for the Russian market of fresh tree fruits, with similar climate conditions and varieties grown, but with lower production costs and different position in regards to Poland being an EU country. Poland is also a country where SmartFresh technology is already registered and applied. The overall goal of this study tour will be to provide an opportunity to Serbian cooperatives to meet their competitors and discuss issues concerning different organizational levels of cooperatives and associations of cooperatives, production technologies and costs, position within the EU and experiences gained during the pre-accession period. Separate focus will be put on the application and effectiveness of SmartFresh produce and experiences of Polish growers concerning cost justification of using this product.

Since Polish producers present the strongest competitors to Serbian apple producers, in case it is not possible to organize direct meetings with Polish associations of tree fruit producers this study tour will be conducted in Italy. The activity will be targeted to tree fruit sector cooperatives alone and will deal with production and storage technologies, as well as organizational characteristics of Italian producer associations and cooperatives from the tree fruit sector.

*Time frame:* February

*Expected results:* 8 cooperatives will benefit from this activity that will increase their organizational capacities, improve storage technologies and reduce production costs

*Identified participants:* Cooperatives within Fruitland Association, Golden Frucht, Cacanska jabuka, Green Group

*Staff member responsible:* Tree Fruit Sector Lead, PO specialist

***Activity 1.1.1.4: Cost-benefit analysis for equipment purchase - Study on anti-hail protection***

In continuation of the activity of creating the Study on anti-hail protection in Serbia with special emphasis on the Tree Fruit Sector, results of this study and tailored cost-benefit for purchasing anti hail nets will be presented to cooperatives. The study will include general information on damages in the tree fruit sector caused by hail, cost benefit analysis of purchasing nets for apples, plums and peaches, review of insurance and funding equipment purchase. In the follow up, a local STTA will provide cooperatives with cost benefit analysis tailored to their needs and damages caused by hail.

*Time frame:* December - January

*Expected results:* Reduction of damages caused by hail will result in higher quality and sales increase for 20% comparing to 2010.

*Identified participants:* Cooperatives within Fruitland Association,

*Staff member responsible:* Tree Fruit Sector Lead

Besides the above mentioned activities, the Tree Fruit Sector Lead will provide support and follow up in the activities that will be performed by associations of agribusinesses that have applied for Project's assistance through the Grant Program for Associations of Agribusinesses. The Sector Lead will work with associations from the tree fruit sector:

1. Fruitland Association - support activities for the design of association's promotion material intended for exhibition at WorldFood fair in Moscow and for the creation of feasibility study aimed to analyze potentials of cooperatives to enter into production of value added products (apple concentrates and purees)
2. Fruits of Serbia Association - support to exhibition of association's members to exhibit at Fruit Logistica Fair in Berlin in February 2011.

The Tree Fruit Sector Lead will provide all the necessary support regarding implementation and reporting on these activities. Detailed information, description of activities and budget needed for their realization are presented in the PO Component Work Plan for the Year 4.

#### **Task 1.2: Improve ABDS Service delivery**

Throughout the Y3, the Tree Fruit Sector Lead and the PO Component Specialist have been working on connecting Agrofresh company representatives with the suitable ABDS provider in Serbia that will be able to organize registration and application of SmartFresh in Serbia. In the Y4 this support to ProFruit company will be continued in terms of assistance in organizing educations for cooperative members and companies on application of this postharvest compound, as presented in the Activity 1.2.1 of this Work Plan.

The Tree Fruit Sector Lead will also provide assistance to the ABDS Component Specialist in activities aimed at the tree fruit sector stakeholders.

#### **Task 1.3: Sales & Marketing Assistance**

The Tree Fruit Sector Lead will support activities aimed at increasing sales opportunities of tree fruit sector stakeholders, in the first place participation at international fairs that will be subject of Project's Grant support:

1. Exhibition of members of Fruits of Serbia Association at Fruit Logistica Fair in February 2011
2. Exhibition of members of Serbia Organica Association at Biofach fair in 2011

The Sector Lead will provide all necessary information and assistance to Sales and Marketing team in organizing Fancy Food Fair in New York and all activities aimed at increasing exports and sales opportunities for agribusinesses in Serbia.

#### **Task 1.4: Youth Enterprise Program**

The Tree Fruit Sector will support all the activities of Youth Component concerning beneficiaries from this sector - preparation of applications, implementation of activities and reporting.

**Task 1.5: Environmental compliance Activities**

The Tree Fruit Sector Lead will take part in organizing activities of Environmental component by identifying participants to take part in these activities. The most significant activities aimed at raising awareness of environmental compliance and adjusting to market's requirements on food safety refer to Safe Pesticide Use trainings that will be organized in the first quarter of Year 4. The tree fruit sector has received applications of more than 300 producers interested to take part in these trainings and will continue to provide support to organization of these trainings.

**Task 1.6: Women in Agribusiness Program**

The Tree Fruit Sector will support all the activities of this component concerning beneficiaries from this sector - preparation of applications, implementation of activities and reporting.

**COMPONENT 2: IMPROVED ENABLING ENVIRONMENT FOR AGRIBUSINESS**

**2.1: Legal, Policy and Regulatory Reform**

Regarding the regulations on MRLs on tree fruit products imposed by the Russian Federation while importing goods from Serbia in January 2010, the Tree Fruit Sector Lead will remain in close cooperation with the Policy Component Specialist. Potential activities refer to cooperation with the Ministry of Agriculture in organizing trainings or the manual with directions on applying pesticides in accordance to these regulations.

**COMPONENT 3: AGRIBUSINESS PROGRAM MANAGEMENT**

**3.0: The Agribusiness Grant Program**

The Tree Fruit Sector Lead will support project activities that are subjects to grants, like Program for introduction of international standards as described above. The sector will also support other grant programs issued by the Project throughout the Y4, such as Grants program for marketing and promotional activities of agribusinesses and provide follow up and support to associations of agribusinesses involved within the Tree Fruit Sector that will be approved for signing Grant Agreements after the review process is completed.

**3.1: Agribusiness Project Communications**

The Tree Fruit Sector will remain in close cooperation with Communications component and provide it with all necessary information and inputs regarding activities and developments in the Tree Fruit sector.



## VEGETABLES

### OVERVIEW

The main area of activity in the following period will continue to focus on disadvantages/problems in the vegetable sector identified through analysis and included in the development strategy formulated in the CAP. In the area of fresh vegetable production the assistance will primarily be directed towards open-field vegetable producers (mainly root crops) and closed-environment vegetable producers. Vegetable producers providing raw materials for the processing industry will certainly be included in the upcoming activities in both assisting the producers but also vegetable processors whose clients they represent. The main objective in the area of production and market placement of fresh vegetables is primarily increasing the quality and efficiency with the ultimate goal to ameliorate/lessen the negative effects of trading liberalization, which brought unexpected results in the previous period. Even though the achieved agreement was presented as the “significant” chance for the export of agricultural products, the effects are rather poor in the vegetable sector. The producers are forced to compete on the domestic market, which increasingly features import products. Due to the higher level of applied production technology, and significantly better preservation conditions, the quality of import products is significantly higher, with lower prices than domestic products. Actually, the so-called “chance for export of Serbian products to EU market” became nothing but a great chance for EU producers to expand their markets to Serbia.

The processing sector is very slowly recovering from the numerous implication of the global economic crisis, and certain business relationships/connection – previously jeopardized or severed due to the failure to honor the payment schedules (maintain the cash flow) - are now reestablished, with the tendency for improvement. Relative to the level of interest and tendencies of clients towards product export, the Project will offer assistance through activities in the area of increasing competitiveness, improvement of visual identity of clients, marketing and their promotion, not only in the EU, but also the neighboring countries, as well Russia, significant importer and partner.

Pre-accession funds, which will be accessible to clients/users in Serbia, offer great chances for the developments of all segments/participants of the value chain and in that sense, planned activities include increasing the level of preparedness for project writing/preparation and the necessary documentation. In order to avoid mistakes made by clients in the neighboring countries, the program will include partners from Osijek Business Incubator, which implemented these activities in Croatia region. Due to the similarities in geography and climate, but also level of agribusiness development, those experiences will be of great help. Considering that these projects remain in the area of interest of all sectors supported by USAID Agribusiness Project, the cooperation with other sector leads and their clients throughout Serbia is planned.

### OBJECTIVE 1: STRENGTHEN PRODUCER ORGANIZATIONS

The focus on activities in the following year will be placed on technology improvement, application of contemporary and preventive agro-technical measures, as well as decreasing production costs. It is necessary to further focus on these issues in order to increase the level of competitiveness of domestic products compared to products from foreign markets.

As in previous years, majority of these activities will be organized during winter period, when producers have more time. Domestic and foreign experts have been engaged according to the needs of sector participants, for organization of trainings, seminars and workshops. All activities primarily directed towards members of producer organizations, will also include larger individual producers, as well as fresh vegetable production companies.

- **Task 1.1 Increase efficiency of POs and services provided to their members**
  - **Activity 1.1.1 Promotion of concept of organized joint work and product marketing developed in Hungary – Mórahalom, by the Mórakert Cooperative.**

The best known company in Mórahalom, Mórakert Cooperative, is located in a park, in rented offices inside the ‘incubator’. Morakert has built its own factory for purchase and packing of fruits and vegetables. This company was founded as cooperative of local vegetable growers who used it to jointly purchase raw materials and other necessary production materials. However, a year after their founding they concluded that such a cooperative was insufficient, and they founded a new, more complex and functional one, Morakert. Therefore, the Morakert Cooperative was founded based on Danish and German model in 1995 with 52 original members, and it has been operating as the first officially acknowledged Producers Organization (PO) in Hungary since 10<sup>th</sup> December 2002.

The cooperative was formed in form of private public partnership since the municipality was one of the 52 cooperative founding members. Although there are similar cooperatives in Hungary, Morakert cooperative is the most successful in terms of increasing annual turnover and membership and dealing with the changing market environment. Morakert now gathers around 800 members, organized small-scale vegetable and fruit growers. The main activities of this cooperative represent purchase, weighing and packing of products, storage, and distribution. All members of the cooperative had to pay the entrance fee, as well as additional needed investments. During the winter period, the cooperative organizes various trainings for its members: from information related to fruit and vegetable seeding, to financing. With time, this cooperative became one of the brightest examples in this part of Europe, while Morohalom became the center of Homokhat region, vital agricultural area. This project would consist of two parts:

#### **I - Promotion of the concept in three municipalities (Nis, Leskovac, Zajecar)**

These municipalities have been selected due to the concentration of vegetable producers who are numerous, but are not grouped into functional organizations, which could offer more than mere procurement of inputs. Lecturers would include guests from Morakert cooperative, as well as local experts for the development of producer organizations. This example is easily applicable and easily comprehensible to local producers because Morakert deals mainly with vegetable and fruit production. Local government, as well as various local and regional institutions for the development of aforementioned municipalities.

#### **II – Study tour, visit to Morohalom**

The second phase of the project would be implemented after review of results and impressions from the promotional part, where AgBiz Project would organize a study tour which would include all interested producer representatives from all three municipalities. In addition to strengthening economic results and activities, forming such organization also offers potential for the development of public-private partnership ideas.

- **Task 1.1 Increase efficiency and profitability of vegetable production**
  - **Activity 1.1.2 Extensive cucumber production on smaller plots**

The production of vegetable in South and East Serbia is being conducted primarily on smaller land plots as part of individual agricultural households, which are rarely included into organized groups of producers, such as cooperatives or associations. Traditional production (in the sense of lower level of applied technology and outdated sorting content) results in low yields, products of lower quality, which is later more difficult to market. USAID Agribusiness project will offer a project to all interested producers to move from the production of root and cereal crops on smaller a plot, which is no longer remunerative, to cultures requiring somewhat larger investments and engagement, but bring significantly increased profit.

The first product whose production will be presented to producers is the cucumber. This product is very interesting to clients both in the country and abroad, mostly in the EU (Germany, Austria, and Hungary). ATP Consulting Company will be hired, which will provide series of trainings related to the technology of production of cucumbers with the system of vertical production. This type of production is recommendable for smaller plots/family businesses, as it requires about 1,000-1,500 m<sup>2</sup> for the profitable production. Good results can be achieved even in the first year, and the similar program was established in Krusevac municipality with producers who switched from fruit seedling production to cucumbers.

The trainings will be organized on three locations: Knjazevac (Timok valley) for the Eastern region and Vranje and Nis for Southern Serbia. Each group will undergo four training in the winter period, which should be designed to familiarize and explain the production to the smallest detail, in the following areas:

- Advantages of cucumber production/profitability
- Land preparation and hot beds
- Plant protection and physiological maturity
- Harvest, sorting, class/price ratio

USAID Agribusiness Project will provide printed manuals which will, in addition to all abovementioned subjects, also contain:

1. Plant feeding log book
2. Plant protection log book
3. Results log book (considering the cyclical nature of harvesting)

Video material with all stages of growing and the entire production process will be prepared and printed with the assistance of Agribusiness Project, and distributed to producers who decide to start the production. Marketing of these products is fairly simple and products can be bought and paid for directly at the collection points, that is, after classification and sorting of products, which directly influences their price.

**Expected results:** At least 150 producers and 10 agriculture service providers will be trained for extensive cucumber production. This production at the same surface unit can result in 300% higher profit than with root crops.

### ***Activity 1.1.3. Improve capacities of potato producers through training on new technologies***

Export license for potato will be given to Serbia in 2011 according to EU inspection. Unfortunately, although potato production is the most represented on the national level, on over 90.000 ha of total 280.000 ha under vegetable production, less than 10% of produced potato satisfies export quality requirements. In order to improve quality of potato produced in Serbia and resolve the problems, USAID Agribusiness project will use a variety of topics and approaches covering:

- Introduction of improved varieties;
- Improvements in production techniques including land preparation, raised beds, drip irrigation, integrated pest management and improved pest and disease control;
- Training in seed selection and handling in order to obtain a more uniform product;
- Modifications in plant density to improve productivity (size and number);
- Introduction of calendarized planting to improve cash flow and reduce the risk of selling all of production at a low price;

Two groups will be addressed: medium- and large-size producers and ABDS providers specialized in vegetable production. Taking into consideration geographical diversity of production, one training for the producers will be organized in Vojvodina region and one in the South Serbia. Training concepts for both regions will be similar to a certain point since production in the plains region and hilly/mountainous regions is different and has its specificities.

For this knowledge-transfer activity, sector lead would recommend STTA from Holland because of seedling assortment which comes from this country and similar climate conditions. About 80% of potato seedling material in Serbia is being imported from Holland but with significantly lower yield due to the lack of knowledge and applied technology.

**Expected results** : At least 100 producers and 30 agriculture service providers will improve knowledge and potentially increase yields by application of presented technologies.

**Activity 1.1.4 Capacity building for the fresh pepper production / export**

Organization of one-day conference on the following subject: Current trends in pepper production

Average pepper production area is about 20,000 ha, with slight declining trend, and participation in total vegetable production of some 8%. Average yield of peppers is about 7.2 t/ha, which is more than three times less than European average. Even though the production of this culture is well represented in this region, its success in the economic sense is sometimes questionable. Successful production is primarily measured by product quality, that is, quality structure relative to total quantity. Current quality of peppers is not satisfactory, which directly influences the competitiveness/profitability of such production. Important element represents the fact that 'ajvar' producers obtain the raw material primarily in Vojvodina or Macedonia, where the price is up to 35% lower. Interest for this product increases primarily in the export market, which is also supported by the fact that, in addition to traditional frozen vegetable producers, cold storage association members included in the purchase of berries, are also entering pepper production as a side activity, complimentary to their main activity.

This event will deal with the following subjects:

1. Presentation of current state in the production of peppers on the national level with particular focus on the production in South Serbia
2. STTA presentation of extensive production, new sorts
3. Demands and conditions on foreign and local markets
4. Competitiveness/profitability of pepper production

This conference would certainly attract a large number of experts in the vegetable growing area (primarily specializing in the pepper production). Also, participation is expected on the part of experts from the Ministry of Agriculture, Agricultural faculties, consulting agencies, as well as representatives of municipalities from the region. The location of the conference would definitely be Leskovac, as the center of vegetable production in this region.

**Time frame:** Dec-March 1 2011

**Expected results:** Increased knowledge about SPU for 200 producers

***Activity 1.1.5 Increasing competitiveness of production of local melon producers***

In order to aid producers of watermelons and melons, which proved to be one of the main export products, USAID Agribusiness Project will offer training/education assistance. The EU market and neighboring countries is interested for these products, but also impedes certain requirements related to varieties, marketing period, as well as size. Average watermelon and melon production area in Serbia is around 17,500ha, with slight declining trend. Average watermelon yield is about 15t/ha, which is considered rather low relative to average yields in European countries. Thanks to rather high demand for watermelons and melons, investments in these productions in Serbia are significant, and Agribusiness Project will support this development with assistance in the area of improvement of applied technology production.

This type of training will be presented on the part of local STTA with the participation of Mr. Stevan Mirkovic, the most successful watermelon and melon producer, who has been efficiently marketing his products to the West European markets for the last 25 years, with the application of the most modern growing methods. This assistance will be offered through training of producers and experts in this area of production. Trainings will also be organized on location in the region of Banat, Macva, Timok, and Jablanicki okrug area.

***Time frame:*** Dec-March 1 2011

***Expected results:*** Increased knowledge about SPU for 200 producers

***Activity 2.1 Improving capacities of vegetable sector clients for IPA pre accession funds***

As part of activities which will facilitate and make IPA Fund easily comprehensible to the clients of the Vegetable Sector, sector clients will, in addition to training activities, also have the opportunity to meet producers from Croatia and use their experiences to understand what are the most common mistakes and challenges they are likely to face. Osijek Business Incubator has expressed interest in offering support, and participate in the project as a partner with extensive experience in this area. They have worked with clients on the preparation of project and project documentation in the vegetable and food-processing sector. Considering that the neighboring countries – Bulgaria, Romania, and Croatia, have received these funds completely unprepared and have managed to absorb only 25-35% of approved funding, the goal of the project is to offer support to clients, prepare necessary infrastructure and give trainings to all interested parties.

First group will be comprised of service providers who are to give assistance and logistics support to a wide range of clients as a focus group plus other parties involved in process of support to the clients like extension service providers, while the second group will be comprised of clients who are capable of independently preparing documentation and complete the projects on their own. Trainings for service providers will be held in Nis and Novi Sad. Trainings for producers, considering their number, will be held in four locations: Belgrade, Subotica, Nis, and Cacak. The trainings will be complemented by presentations from banks interested in supporting producers in projects based on the refund principle, that is, initial independent project financing.

***Time frame:*** Planned time-frame for implementation of these activities is the second quarter of Project Year 4. This period was selected due to the seasonal character and frequency of activities on the part of clients in the vegetable sector (Feb-Mar 2011)

***Expected results:*** Considering the planned number of participants and current interest on the part clients, at least 200 producers as part of Pos, 30 service providers and 30 companies will be trained for writing the project proposal for IPA funds.

**Activity: Training on Safe Pesticide Use for members of PO's and ABDS providers**

Even though all logistic preparation have been completed on the part of USAID Agribusiness Project – suggested location, application of interested participants – this activity was not implemented in the Y3 due to problems experienced by the Ministry of Agriculture, a co-partner in this project. Considering that this training is of crucial importance both for vegetable growers and all other agricultural producers in Serbia, this activity will be realized in Y4. Over 200 producers throughout Serbia from more than 20 POs have confirmed their participation. Some of these organizations are: ZZ Agronom-Despotovo, Association of vegetable producers Begec, ZZ Gospodjinci, ZZ Agrokooperativa, ZZ Mladost Obrez, Assoc of vegetable producers Zablace and Mrcajevci. According to Safe Pesticide Law, producers who failed to pass the training on SPU will not be allowed to purchase Agriculture chemicals on the free market or use them in their production. This law is one of the steps towards improving safety in food production. Local STTA providers who have been trained in 2009 will conduct this activity.

**Time frame:** Dec-March 1 2011

**Expected results:** Increased knowledge about SPU for 200 producers

**Activity: Strengthening development of vegetable sector in Timok region**

Goal of this activity is to provide substantial analysis and recommendations for the future development of vegetable sector in this region including following municipalities: Boljevac, Kladovo, Knjazevac, Majndapek, Sokobanja, Bor, Zajecar, Negotin, Golubac... This assignment will be conducted with the assistance of GTZ, LEDIB and RARIS (Regional Development Agency of Eastern Serbia). Expert assistance and engagement on this project will be provided by Andjelko Miskovic, PhD, with cooperation of agricultural experts from eight abovementioned municipalities and service providers from local consulting institutions. Collection of relevant data includes visits and meetings with largest producers and processors from this region.

The study will be accessible to the wider public but will most of all offer development guidelines and support on the part of municipal funds for the development of agriculture, as well as potential investors. Due to the specificity of soil and pulverous arable plots, the focus will be placed on the transfer to more profitable vegetable cultures demanding higher maintenance and engagement, but also bringing higher profits. Considering that the placement is possible only as part of organized presentation of producers on international markets, the USAID Agribusiness Project will offer support on the subject of associations, that is, forming specialized (vegetable) producer organizations. The final version of the study will be printed and presented publicly to representatives of the sector, local government, Ministry of Agriculture and other interested parties.

**Time frame:** Public promotion of the study is planned for late October- beginning of November

**Expected results:** Organized of at least two producer organizations, increasing profits in the first year by at least US\$50,000 and larger investments in the vegetable sector on the part of municipalities and other relevant institutions

**Activity: Training on seedling assortment selection, application and treatment**

In order to achieve better financial results in vegetable production, it is necessary to work on introduction of new vegetable types. In this way, it is possible to achieve higher yields, but also fulfill market, that is, consumer, demands. Through transformation of vegetable types traditionally grown in Serbia, it is possible achieve additional results by producing types which provide earlier spring vegetable types and later fall types of tomatoes, peppers, cucumbers, salad, etc. In this way, the time of production is shortened, and fruit-bearing period lengthened, which directly influences the increase in yields. Vegetable production in Serbia is mostly of seasonal character and it is

precisely for this reason that the vegetables arriving first or last in the season achieve the highest market price. Through training will educate producers about the assortments, manner of production, production planning of particular vegetables. For this purpose local service providing company “Grow Rasad” will be contracted.

**Time frame:** November-March 2011

**Expected results:** results achieved by proper selection and treatment can increase production pre 10-20% in terms of quantity and even up to 40% in terms of price

**Activity: Reduction of losses caused by improper post harvest measures**

Offering assistance related to this subject will also be continued in the Year 4, since the process of liberalization has forced the producers to invest additional efforts in order to improve the quality of domestic products and become more competitive when compared to imported products. The assistance will be given in two segments: through the STTA support, who will work with clients who are in process of improving preservation technology, as well as the preparation of their facilities.

STTA Prof. George Wilson will provide assistance to sector clients. Apart from direct work with and assistance to clients in the field, Prof. Wilson will also hold two seminars on the subject of “Post-harvest in vegetable production” with particular focus on storage and preservation of root crops, as they constitute the majority of local vegetable production. Improvement of preservation and storage segments also represents one of the priority problems recognized in the IPARD study of the vegetable sector. This activity actually represents a part of the support to the sector of root crop production, which is defined as part of CAP for the Vegetable Sector.

The assistance in the area was sought on the part larger producers whose primary area of activity also encompasses storage of vegetables for later sales (Lucic a.d., MDD group, Mona d.o.o, ZZ Zablacanka, ZZ Kondor, etc).

**Time frame:** Planned time-frame for this activity is the first quarter of Project Year 4 (Oct 2010), after scheduled visits to selected clients, two seminars will be held at the end of the month.

**Expected results :** Considering the number of producers for root crops in Serbia and the high level of loss caused by inadequate storage practices, expected participation is at about 100 producers and 20 service providers in the vegetable sector.

## **OBJECTIVE 2: IMPROVE ABDS DELIVERY**

Improvement of consulting capacities will be supported through additional activities, including the work with Pos: improvement of vegetable type structure, preparation for IPA funds, post-harvest, safe pesticide use, etc. Activity which exclusively deals with agricultural experts specializing in closed-environment vegetable production is the improvement of technology and its profitability.

**Activity: Increase efficiency and profitability with application of modern technology**

Substitution of import and increase of the production for the local market represents the main goal of this activity. Assistance will be provided to local agronomists specialized in this type of production. The general lack of scientific support in this subsector offered by local institutions will be ameliorated by trainings and knowledge transfer provided by STTA. The project is specifically oriented only to high (6m) tunnels and glasshouse producers since these two types of productions are compatible.

The activity includes two visits of selected STTA in the period of preparatory production activities and another visit in the period of vegetation. This activity is planned with companies which own required size of arable land for adequate commercial activity (Fresh Gro, Sagal, In Vitro, Pik Debrc, etc). The second part includes a one-day training which will present contemporary production technologies with the focus on increase of yields.

Consulting service provider has as of yet not been identified, since one of the important criteria is that he/she well familiar with “Dutch” technology which is used in Serbia. This system of vegetable growing has its specificities compared to, for instance, “Israeli”, or “American” technology, and it is the only one applicable in local circumstances considering that clients in Serbia import entire equipment and supplies exclusively from Dutch producers.

**Time frame:** Realization of this activity is planned for the second quarter

**Expected results:** *The increase of yield by 10-15% is expected. Also planned is the training of expert personnel (agricultural specialists) employed by companies dealing with such production (50 training participants and 15 agricultural specialists specialized for closed-environment production)*

#### **Task 2.1 Increasing Competitiveness through Development of Producer Visual Identity**

This activity, supported through grant program, gave excellent results in the previous year and should certainly be repeated in the following year. This program anticipates mostly participation of producers of processed vegetables, who are attempting to expand markets for placement of their products. This activity should enables them to go from bulk to small retail packaging according to specific market demands. Participation of at least 15 companies from the vegetable sector is expected.

**Time frame:** Year 4

**Expected results:** *15 companies will have designed/ redesigned their visual identity. Expected sales increase: 10%.*

#### **Task 2.2. Introduction of International standards**

After two rounds of this program, which primarily anticipated introduction of internationally approved standards in the area of food safety, in the following year the assistance will be given to producers interested for introduction of specific standards of markets which show most potential for future cooperation. These standards include: BRC, IFS, GOS, Halal and others.

**Time frame:** Year 4 third-fourth quarter of Year 4

**Expected results:** *Capacity of local ABDS provides improved, additional services sales increased*

### **OBJECTIVE 3: ENCOURAGE YOUTH INVOLVEMENT IN AGRIBUSINESS**

As part of sector activities, primarily in the area of training and improvement of technology, more intensive engagement of young producers is planned. Considering that the the part of educational program will be dedicated to the promotion of production of vegetable types which more profitable on smaller plots, this subject will be especially attractive to those (usually younger producers) whose budgets/resources are mostly limited. Young producers will be included in all educational activities in vegetables sector for sector specific subjects.

**Activity: Market research for potentials of Serbian processors Middle East market**

The need for market expansion and search for alternative possibilities for export represents a priority in the processing sector. These markets used to be well known to producers from former Yugoslavia, but the connections have unfortunately been severed in the previous period. Producers have incomplete information about market demands – mostly related to selection, packaging, and required standards. This activity considers thorough analysis and comparison of local potentials (products, quality, and quantity) to concrete market demands and producers from other countries who are present on those markets. For this activity STTA will be contracted, foreign expert in this area.

**Time frame:** to be determined ( depends on STTA availability)

**Expected results:** preparatory agreements for the sales in 2011

**OBJECTIVE 4: INCREASE VALUE-CHAIN AND/OR CLUSTER COMPETITIVENESS**

**Task 4.1 Development of distribution centers operations**

During previous year several private enterprises invested in collection centers, where locally grown vegetables is being prepared for final buyers and marketed. Lack of this type of facilities in previous period was the main reason why Serbia didn't have the opportunity to market and sell fresh vegetables on foreign markets. Retail packaged, sorted and cleaned vegetables as value added products, will bring higher profit margins and help strengthen relations between value chain elements. Managing such facility and all operations starting with collection, purchase, and ending with marketing, represents a very complex operation. For that purpose, the assistance of foreign STTA is needed since such operations until recently did not exist in Serbia. Management of Lucic, MDD, Darkom, Sagal and others interested parties represent the target group for this activity.

**Time frame:** depends on STTA availability

**Expected results:** Operational cost reduction per 15-20%

**Participation in regional and other international fairs:**

- Sial – Paris, October 2010 ( Biotrend d.o.o , Planten d.o.o )
- Fruit Logistica – Germany February 2011 ( Sagal d.o.o, Lucic a.d.)





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# **USAID Serbia Agribusiness Project**

## **Year Four Annual Workplan**

**October 1, 2010 – September 30, 2011**

### **Annex IV – Cross-Cutting Activity Plans:**

**Producer Organizations**

**ABDS and Finance**

**Marketing and Sales**

**Youth Program**

**Environment**

**Gender Program**

## PRODUCER ORGANIZATIONS

### Component 1: Increased Efficiency & Competitiveness of Agribusiness

#### OBJECTIVE 1.1: STRENGTHENING PRODUCER ORGANIZATIONS

##### INTRODUCTION

In the Y3, activities of the Producer Organizations component were focused on the following:

- Trainings and technical assistance to client agribusinesses to organize new national associations at sector level („Serbian Blueberry” and „Serbian Flora”);
- Assisting agribusiness associations to re-register and restructure their organization based on new Law on associations (“Serbia Organica”);
- Preparing and launching a specific grant program aimed at needs of agribusiness associations;
- Supporting emerging initiatives for formation of new associations (mushroom processors association and design & branding companies association);
- Preparing and launching a joint nationwide training program with the Serbian Ministry of Agriculture to assist management of agricultural cooperatives (32 cooperatives trained);
- Facilitate introduction of new US postharvest technology (SmartFresh) aimed at tree fruit cooperatives, owners of storage capacities of fresh apples;
- Assist associations’ and cooperatives’ promotion in media;
- Assisting associations and their members to exhibit at international trade fairs;

In Year 3, adoption of the long-awaited new Law on Associations has been a major driving force for the development of not for profit associations and membership organizations in Serbia. Now associations can be established by companies which allow agribusinesses to form professional organizations to represent the interest of agricultural producers, processors and traders. Associations’ membership and governing bodies are better regulated and associations are now able to acquire property and assets through economic, business and other commercial activities.

##### OVERVIEW

Throughout the Project's Year 4, Producer Organizations component will continue to have its focus at two main tracks: support to sectors through industry based associations and strengthening capacities of commodity based agricultural cooperatives.

To support emerging sector oriented associations of agribusinesses the Project has launched in May 2010 a specifically designed grants scheme. As a result, during the Year 4 atmost eight associations will receive financial support to implement a range of activities in support to their members and sectors. These groups of stakeholders organized in associations, mostly by export oriented processors and producers, will be assisted by the Project staff throughout the Year 4 to implement activities that are subject of the grants program for associations. This will be a good example of the Project’s team work within a cross-cutting program which will involve almost all sub-sectors and cross-cutting staff. Therefore, implementation and monitoring of activities proposed in approved grant applications will be in the main focus of PO Specialist’s work in the Year 4.

Besides that, to assure targeted associations are strong enough to sustain its organization and activities, capacity building support will be provided to these associations as well. The project will help associations to define and prepare long term development strategies, action plans, and annual

operational budget. This will be done through selected local STTA's that will work with each organization using one-to-one approach. If selected local STTA's will need additional improvements of their strategy development skills a special training of trainers will be organized by the Project. In addition, the Project will hire a foreign consultant to help targeted associations learn more how to successfully run professional membership organizations. PO specialist will work closely with sector leads to assist sector associations such as "Serbian Blueberry", "Serbian Flora", "Fruit Land", "Fruits of Serbia", "Serbian Prune Producers Association" and other.

Cross cutting work with cooperatives will continue in Year 4. As a follow up to a business training program for cooperatives, successfully accomplished with the Ministry of Agriculture in July 2010, a study tour to North Italy will be organized to visit cooperatives and their federations. Business training program will be also expanded in the south and east of the country to cover more of the sector cooperatives. Specific marketing training program will be developed for cooperatives that add value to agricultural commodities purchased from members through additional processing, storage or packaging and market as cooperative final product. Special attention will be placed at export oriented tree fruit, berry fruit and vegetables cooperatives. In addition, those cooperatives will be assisted to prepare and apply for marketing grants to improve packaging and promotional materials for buyers.

In Year 4, PO specialist will continue its focus on tree fruit cooperatives as most advanced export oriented POs. Tree fruit sector lead will be assisted in an effort to facilitate introduction and application of SmartFresh post harvest technology for maintaining quality of fresh apples in storage. In order to prepare apple grower's cooperatives, owners of cold storage facilities, to use this new technology a number of trainings and workshops will be organized on the most efficient post harvest treatments. These activities will be supported with a study tour to Poland or Italy to show Serbian apple cooperatives good examples and benefits on using SmartFresh, to learn more on their competition, make linkages with their counterparts, and understand impacts and challenges of pre-accession to the EU.

**Task 1.1.1: Capacity building of targeted agricultural cooperatives**

This task will include follow up activities related to joint nationwide training program with the Serbian Ministry of Agriculture to assist management of 32 agricultural cooperatives and additional activities aimed to raise organizational, functional and managerial capacities of sector cooperatives.

***Activity 1: Study tour to Italy to improve management capacities of Serbian cooperatives.***

In July 2010, Serbian Ministry of Agriculture and USAID Agribusiness Project organized a business training program for the managers of selected agricultural cooperatives aimed at building their managing capacities. Through three separate training modules managers have got knowledge on: basic managing skills, strategic and business planning, marketing and sales, and financial management and planning. As a follow up to these trainings, participants that have attended all three training modules will travel to chosen EU member state to visit cooperatives and federations of cooperatives. The study tour will be organized to Italy together with the Serbian Ministry of Agriculture and Italian Ministry of Agriculture. The Project and Serbian Ministry of Agriculture will cost share travel and accommodation expenses of the study tour participants. On the other hand, Italian Ministry of Agriculture shall appoint one or two persons to: organize study tour program agenda and the logistics; organize all visits (choice of the region and cooperatives and consortia has to be in accordance with the best EU and Italian practices); organize presentations on subjects of the visit and enough time for questions/ answers; suggest and eventually make hotels reservations according to the chosen region and provide the Italian-Serbian interpreter for the visits

and presentations. From Italian side, Mr. Massimiliano Piattella from ISMEA, an Italian Institute for Agri-Food Market Studies and member of Italian Rural Network of the Ministry of Agriculture will be a key contact and responsible person for the organization of study tour.

The main goal of this activity will be to expose management staff of selected Serbian cooperatives to EU producer organization structures and roles, so they could gain practical experience on what they have learned on business trainings in Serbia. The managers will learn about Italian models of EU cooperative organizational structure, management systems, internal procedures, and especially their marketing activities. In addition, they will discuss the best models of cooperative organizations that can be applied in Serbia: membership structure, share investments of member-owners, types of services provided to members, level of business that the member must conduct with the cooperative and ways to share the profit. Also, that will be an opportunity for selected Serbian cooperative managers to see what the position and role of individual farmer is in the whole system, and what is the role and function of cooperatives and consortiums in the trade chains. One of the program's priorities will be establishing a long term linkages between Serbian cooperatives and their counterparts in Italy. TV stations with wide national coverage and specific focus on agribusiness reporting will be invited to take part in this study trip. That will secure a promotion of the program and dissemination of gained knowledge to wider audience from the cooperative sector in Serbia.

*Type of Assistance:* Project Activity;

*Project timeframe:* Period of the visit is November 2010 or February 2011 (preparations of study trip will be done in cooperation with World Learning organization);

*Duration of the visit:* 5 days (1st day travel and arrival to Italy, 2nd and 3rd, 4th day- study visits, 5th day- departure to Serbia);

*Number of participants:* 32 cooperative managers;

*Transport mean:* Bus;

*Projected Outcome:* 1 know-how exchange tour conducted; 32 managers of cooperatives trained; 32 cooperatives with more than 1,300 members and 550 employees improved their organization and efficiency and increased incomes for 10% within a year.

*Short draft study tour agenda:* (1st day) - Arrival of the participants of the study tour, accommodation and dinner; (2nd, 3rd and 4th day) - Visit to small municipal cooperatives with agricultural production and processing in vegetable and fruit sector, Visit to cooperative consortia as one of the most rapidly growing sectors of the EU cooperative movement (CMO type), Visit to Cooperative Union of proposed Italian region; (5th day) - Departure of the participants.

*Staff member responsible:* PO Specialist

### ***Activity 2: Business Training Program for Cooperatives in the South and East of Serbia***

The business training program in cooperative management, strategic and business planning, financial planning and marketing and sales will be also expanded in the south and east of the country to put more of the Project emphasis in those undeveloped areas that desperately need assistance. Many of cooperatives from these regions did not qualified for the training program organized with the Ministry of Agriculture due to specific criteria set up by the Ministry, which requested from cooperatives to have registered agricultural households. Cooperatives will be selected based on the Project's program criteria in cooperation with regional Cooperative Unions.

*Project timeframe:* January 2011 – March 2011;

*Type of Assistance:* Project Activity (2 cycles of three 2-day trainings delivered by selected service provider);

*Targeted clients:* Commodity based and sector cooperatives from south and east

*Projected Outcome:* 20-30 managers of cooperatives trained; 20-30 cooperatives with more than 1,000 members assisted; 20-30 cooperatives improved their efficiency and achieved higher incomes within one year.

*Staff member responsible:* PO Specialist

***Activity 3: Trainings and TA to apple growers' cooperatives on new postharvest treatments and application of SmartFresh.***

In Year 4, PO specialist will continue its focus on tree fruit cooperatives as most advanced export oriented POs. Since more than 50% of CA storage capacities for fresh apples in Serbia are owned by tree fruit cooperatives PO specialist will continue its support to tree fruit sector lead in creation of enabling environment for introduction of a new post harvest technology for fresh apples in Serbia. In the Year 3, the Tree Fruit Sector Lead and the PO specialist were active in linking US based company Agrofresh with the main fresh apple industry stakeholders and service providers. Agrofresh is owner and distributor of Smartfresh compound used in postharvest treatment of stored fresh apples to maintain quality and extend storage duration. As a result Agrofresh will through selected local service provider complete testing and registration of Smart Fresh for application in Serbia in June 2011. The product will be marketed and applied during 2011 apple harvest season (August-October). The Project will assist selected service provider and representative of Agrofresh for Serbian market to promote new product and educate tree fruit cooperatives on application and benefits of using Smartfresh. This will be done through a series of promotions and trainings with goal to create a demand for Smartfresh and to maintain quality of stored fruits to maximum extent especially Granny Smith variety and achieve higher income.

*Type of Assistance:* Project Activity

*Time frame:* June – July 2011

*Targeted clients:* Five members of Fruitland Association, Golden Frucht, Cacanska jabuka, Rit, Green Group.

*Staff member responsible:* Tree Fruit Sector Lead, PO specialist

***Activity 4: Study tour to Poland or North Italy***

The Project will organize a study tour to Poland or Italy, specifically targeted towards cooperatives from the Tree Fruit Sector, to show good examples and benefits on using SmartFresh, to learn more on their competition, make linkages with their counterparts, and understand impacts and challenges of pre-accession to the EU. The overall goal will be to provide an opportunity to Serbian apple growers' cooperatives to meet their main competitors and discuss issues concerning different organizational levels of cooperatives and associations of cooperatives, production technologies, costs, position within the EU and experiences gained during the pre-accession period. Additional focus will be on the application and effectiveness of SmartFresh since both countries have already registered and applied this component widely among cold stores and growers.

*Type of Assistance:* Project Activity

*Time frame:* January - March 2011

*Targeted clients:* Five members of Fruitland Association, and cooperatives Golden Frucht, Cacanska jabuka, Rit, Green Group;

*Staff member responsible:* Tree Fruit Sector Lead, PO specialist

**Task 1.1.2: Support implementation of grant activities of agribusiness associations**

To support emerging sector oriented associations of agribusinesses the Project has launched in May 2010 a specific grants scheme designed by the PO specialist. As a result, during the Year 4 atmost eight associations will receive financial support to implement a range of activities in support to their

members and sectors. Activities that will be implemented vary from marketing and promotion, product development technology transfer, joint ventures and investments to lobbying and advocacy to change industry-related policies and regulations, and capacity building of association and members. Groups of stakeholders organized in associations, mostly by export oriented processors and producers, will be assisted by the Project staff throughout the Year 4 to implement activities that are subject of the grants program for associations. This will be a good example of the Project's team work within a cross-cutting program which will involve almost all sub-sectors and cross-cutting staff. Therefore, implementation and monitoring of activities proposed by Associations in approved grant applications will be in the main focus of PO Specialist's work in the Year 4.

***Grant 1: Improve herbs processing industry's business environment and increase export of Serbian Flora Association members.*** National association Serbian Flora established on January 2010 by eight biggest processors and exporters of medicinal plants and herbal-based products represents umbrella non-governmental and non-profit organization encompassing more than 60% of Serbian exports of medicinal plants. The association successively collaborates and it is supported by Serbian Chamber of Commerce. Following activities will be implemented in Year 4: (1) Design and preparation of association's visual identity and promotional material; (2) Market, resource and analysis of the herbal sector for the purposes of designing proposals to change industry-related policies and regulations; (3) Business to business meeting with counterpart association in Albania to establish regional linkages and common approach to new markets; (4) Promotion of Serbian herbal sector in specialized international professional magazine, and (5) Exhibition at Vitafoods International Herbal and Finished Products Expo trade fair in Geneva.

*Type of Assistance:* Grant

*Time frame:* September 2010 – July 2011

*Targeted clients:* Serbian Flora and member companies: Herba, Fructus, Macval, Bilje Borca, Melisa Farm, Kirka Corporation, Adonis, Zdravac and Betula, as well the entire herb sector.

*Projected Outcome:* Serbian Flora will improve its capacities, which will result in improved business environment and increased export, and provide a direct benefit to Herbs sector. Serbian Flora members will generate additional income in the amount of \$850,000 and 40 new jobs. Minimum two new members will join the association. Two policy reforms will be analyzed and presented for legislation/decreed and minimum one policy reform will be implemented.

*Staff member responsible:* Herbs and Mushrooms Sector Lead and PO Specialist

***Grant 2: Improve presentation and visibility of new Mushroom processors association and alleviate exports of wild collected mushrooms.*** A group of 20 companies, processors and exporters of wild mushroom products, have established a new national association named "Forest Fruits of Serbia" to officially represent the wild mushroom industry in Serbia. The association will implement following activities in Year 4: (1) Design and preparation of association's visual identity and promotional material; (2) Study report and analysis on the level of presence of heavy metals in soil and wild mushrooms from main collection areas in Serbia, and (3) Organization of sector conference to present study results.

*Type of Assistance:* Grant

*Time frame:* September 2010 – July 2011

*Targeted clients:* Forest Fruits of Serbia and member companies as well the entire mushroom sector.

*Projected Outcome:* Forest Fruits of Serbia will improve its capacities, improve business environment for mushroom sector, increase sales of its members for additional 5% which is \$ 1.2 mill and generate 70 new jobs.

*Staff member responsible:* Herbs and Mushrooms Sector Lead and PO Specialist

***Grant 3: Facilitating introduction of industrial apple processing into Fruit Land Association.***

Main part of the funding will be used for the research and feasibility study that will help association to decide on the type of apple processing and final product in which they will make a joint venture investment in the next year as a group of member cooperatives. This will be an important document for starting associations' industrial processing which will enable Fruitland members' application to the Serbian Ministry of Agriculture and EU programs for funding and make easier access to bank loans. In addition, Fruitland will use small part of the grant funds for preparation of marketing/promotional materials for the associations' exhibition at the upcoming trade fairs ("World Food" in Moscow, Fruit Logistica) which will increase associations' visible presence on the international markets.

*Type of Assistance:* Grant

*Time frame:* September 2010 – March 2011

*Targeted clients:* Fruitland Association and four member cooperatives

*Projected Outcome:* Five POs will be assisted; minimum ten new members will join cooperatives; Fruitland and member cooperatives will generate additional income in the amount of \$140,000; 200 farmers and firms will access new technologies; 12 rural youth will receive technical assistance; 100 farmers will receive credits in the amount of \$500,000.

*Staff member responsible:* Tree Fruit Sector Lead and PO Specialist

***Grant 4: Improve access to information and increase the Serbian sales and export of organic food products through Serbia Organica association.***

National organic food association „Serbia Organica“ was established in May of 2009 as nongovernmental, non-profit roof organization, which joins together the entire sector of organic agriculture of Serbia. The activities of Serbia Organica are integral part of the National Action Plan for development of the organic production in Serbia developed with the Ministry of Agriculture. The association will implement following activities in Year 4 using the Project grant funds: (1) Design and preparation of association's promotional/marketing material; (2) Organizing promotional campaign of the sector and Serbian organic products at the local market; (3) Exhibition at Biofach International Organic trade fair in Germany; (4) Creating the web based address book of all participants in the organic value chain producers, processors, traders and service providers; (5) Developing associations' monthly „Organic newsletter“ to improve access to information of organic stakeholders, and (6) Organization of the National organic conference.

*Type of Assistance:* Grant

*Time frame:* October 2010 - July 2011

*Targeted clients:* Serbia Organica and their members (30 small and medium enterprises, 100 registered farms, 15 NGO's and POs, 15 scientific-research and educational institutions)

*Projected Outcome:* Serbia Organica and their members will be assisted; minimum 50 new members will join association; Serbia Organica and member agribusinesses will generate additional income in the amount of \$500,000 and 10 new jobs; 100 rural youth will receive technical assistance;

*Staff member responsible:* PO Specialist, Marketing & Sales team, Agro-Info Policy Advisor

***Grant 5: Improve sales and export of Serbian Blueberries through national association.***

National association “Serbian Blueberry” was founded by the group of blueberry producers, companies and ABDS providers that have sett up as the association's primary goals, development of blueberry production, processing and marketing, increasing the competitiveness of blueberry sector, and lobbying for its members. The association will implement following activities in Year 4: (1) Design and preparation of association's visual identity and promotional material; (2) Promotional

campaigns at the targeted foreign markets or local market; (3) Promotion of Serbian blueberries sector in specialized international trade marketing magazines and publications (4) Developing a network of trained advisors/ service providers in blueberry growing, and (5) Trade mission to Fruit Logistica Fair in Berlin.

*Type of Assistance:* Grant

*Time frame:* October 2010 - September 2011

*Targeted clients:* Serbian Blueberry and their members (two companies, four POs, and 31 blueberry farmers) as well the entire blueberry sector.

*Projected Outcome:* Serbian Blueberry and their members will be assisted by the Project; 100 new members will join association; Serbian Blueberry members will generate additional income in the amount of \$800,000 and 50 new agricultural jobs; 50 rural youth will receive technical assistance; Over 20 service providers/ advisors will benefit from this program and generate \$50,000 income.

*Staff member responsible:* Berry Fruit Sector Lead, PO Specialist, and Marketing & Sales team.

***Grant 6: Support development of herbs sector in south-east Serbia through national association of pickers and small and medium producers and processors.*** Association for Medicinal Plants Dr Jovan Tucakov is nonprofit organization located in Sokobanja that brings together local associations, farmers, processors, and pickers of medicinal and aromatic plants and spices in order to promote and improve this agribusiness sector with accent on southern Serbia. In previous activities the association initiated a few regional trade fair events to promote herb products from south Serbia. In order to restructure the organization based on the model enforced by new Law on Associations and broaden the scope of its services and members the Association will implement a range of activities in Year 4 as follows: (1) Design and preparation of association's visual identity and promotional material; (2) Promotional campaign at the targeted local markets - Great Festival of Medicinal and Aromatic Plants in Belgrade; (3) Exhibition at Novi sad Agricultural Fair; (4) Design and preparation of training materials for associations' members and sector stakeholders, and (5) Organization of trainings and seminars.

*Type of Assistance:* Grant

*Time frame:* September 2010 - July 2011

*Targeted clients:* Association and their members (20 SMEs, 10 POs, number of pickers and growers) as well the entire herb sector in the south Serbia.

*Projected Outcome* Association and their members will be assisted by the Project; 30 new members will join association; Association members will generate additional income in the amount of \$300,000 and 50 new agricultural jobs; Over 30 service providers/ advisors will benefit from this program and generate \$150,000 income.

*Staff member responsible:* Herbs Sector Lead, PO Specialist, and Marketing & Sales team.

### **Task 1.1.3: Build capacities of agribusiness associations**

***Activity 1: Assist associations to create development strategies to increase organizational capacities and secure sustainability.*** To assure targeted sector associations that have received grant funds are strong enough to sustain its organization and activities, capacity building support will be provided to these associations as well. The project will help associations to define and prepare long term development strategies with short term action plans, and common growth strategy of association members. This will be done through selected local STTA's that will work with each organization using one-to-one approach to facilitate the process. If selected local STTA's will need additional improvements of their strategy development skills a special training of trainers will be organized by the Project.

*Type of Assistance:* Local STTAs

*Time frame:* November 2010 – February 2011

*Targeted associations:* Serbian Flora, Forest Fruits, Serbian Blueberry, Fruit Land, Serbian Prune Producers, Forest Fruits.

*Projected Outcome:* Four associations assisted with development of long term strategies. Four associations improved their governing capacities.

*Staff member responsible:* PO specialist

***Activity 2: Association Development Advisor***

In addition, the Project will hire a foreign consultant to help targeted associations learn more how to successfully run professional membership organizations. This consulting assignment will bring in an expatriate association development expert who can use his experience and knowledge of this subject, adapt it to the Serbian environment and legislation, and offer some practical advice and solutions applicable to Serbian national associations. The consultant will have separate meetings with the relevant groups of representatives from specified associations involved in the project. Meetings will be held in forms of workshops or seminars with participation of associations' staff, managing bodies and key members. The consultant will offer his advice and guidance on issues that the associations raise as concerns that they have regarding their operations. He will advise associations on different models of efficient organizational structure, how to improve their viability and financing, broaden the scope of their member services and expand opportunities for lobbying and advocacy to change industry-related policies. He will provide information on structure, organization, financing, benefits, products and services offered, for each category of association.

*Type of Assistance:* Expatriate STTA

*Time frame:* February – March 2011

*Targeted associations:* Serbian Flora, Forest Fruits, Serbian Blueberry, Fruit Land, Serbian Prune Producers, Forest Fruits.

*Projected Outcome:* Seven associations assisted

*Staff member responsible:* PO specialist



## ABDS & FINANCE

### Introduction and overview

To compete in their markets, input suppliers, farmers, and processing firms along each value chain need consistent, and high quality, services from local AgriBusiness Development Service providers. These services will serve to upgrade management skills, increase yield and productivity, lower costs, and improve the financial performance and bankability. The Agribusiness Project will focus on creating a network of market driven local AgriBusiness Development Service (ABDS) providers which can assist farmers & agribusinesses to develop more rapidly over the long term.

Project activities to build the network of market-driven ABDS providers for Serbian businesses will include the development of generic, and value chain specific, ABDS service providers. The Project will use the services provided by these organizations by actively engaging them in the implementation of specific assignments. The Project will also focus on capacity building of ABDS providers, in order to improve knowledge base of local providers, and to insure that the know-how of local experts remain in Serbia. In such way the Project will ensure sustainable development of the service provider network, which will boost the growth of agriculturally related companies.

In Year Two the Project first partnered with Lagermax (consolidator company), and assistance has continued over the course of Year Three. The Project has assisted them to organize a national program of consolidation services to provide Serbian companies with opportunities to deliver LTL shipments at competitive rates. During the first year the service was available the Project managed to achieve the goals for this activity set for Year Three - new revenues for the service provider of more than \$300,000, and exported goods in the LTL regime with a total value exceeding \$1.6M. The Project will continue to further develop and refine the consolidation service and broaden the network of logistics companies used.

In Year Three the Project also began work on providing Safe Pesticide Use (SPU) training and capacity building. The objective of this task is to raise the quantity and quality of technical services provided to pesticide users in Serbia. The Project approach will be to provide technical assistance to the MAFWM, to strengthen their technical capacities and helping to establish a critical mass of resources for the SPU program.

Early in Year Three the Project began to work on the development and implementation of the Culinaria Food show for Serbia. By the end of the third quarter good progress had been made, and the expectation is that the show will be a good success, and that the 2010 show will lay the foundation for Culinaria to become an important, and well regarded, food show for the entire Balkan region. Following the success of the first Culinaria show (in late September, 2010) the Project will continue to provide support to the implementers of the show over the course of Year Four, and into Year Five as well. The Project would like to grow Culinaria in the coming years so that at least 300 companies from Serbia and other regional countries participate as well. The Project will work with local service providers and associations to promote the show, and visits will be made to all the major food trade shows in the region to promote the Culinaria show.

In addition to the work on supporting ABDS providers, the consolidation service, and the Culinaria food show, the ABDS/Finance component will provide assistance to establish new testing laboratories in Serbia, and it will continue to organize management training services for Agribusiness Project client companies. To follow up on the successful management training program implemented in May 2010, the Project will provide additional business skill training for both companies and service providers. The Year Four management training program will also include training in the area of negotiation skills, which is a new skill area for Serbian managers.

Agribusinesses in Serbia face significant difficulties in accessing credit for either working capital or investment, despite the fact that the agricultural sector represents a large and attractive market for lenders. To facilitate the access to credit on the part of agribusinesses, the Project will disseminate information credit and/or loan packages available for agribusinesses (Ministry of Agriculture, SIEPA, Development funds,

Republican Agency for SME development and other donors), and advise individual clients on the preparation of applications for bank loans and guaranties.

*Note: detailed activities related to ABDS component by sub-sectors are presented in the sub-sector plans.*

### **OBJECTIVE 1: IMPROVE ABDS DELIVERY**

#### **Task 1.1 - Develop ABDS network**

The Project's crosscutting activities to build the supply of market-driven services directly to Serbian businesses will include development of generic and value chain specific ABDS network. The services will be used, while actively engaging them for implementing specific assignments (for detailed activities please refer to the cross-cutting and sub-sector ABDS activities). We have identified more than 100 public and private ABDS by the end of Year 2 that cover a wide range of products and services and will continue to identify more in order to provide the best possible services to our target companies. The project will also focus on capacity building of ABDS in order to improve knowledge base of the local providers and to ensure that the know-how of experts and STTA are kept in Serbia. In such way the Project will ensure sustainable development of the service providers which will boost the growth of agriculture related companies.

#### **Task 1.2 - Continue work on consolidation**

In Year Two the Project first partnered with Lagermax (consolidator company), and assistance has continued over the course of Year Three. The Project has assisted them to organize a national program of consolidation services to provide Serbian companies with opportunities to deliver LTL shipments at competitive rates. During the first year the service was available the Project managed to achieve the goals for this activity set for Year Three - new revenues for the service provider of more than \$300,000, and exported goods in the LTL regime with a total value exceeding \$1.6M. The Project will continue to further develop and refine the consolidation service and broaden the network of logistics companies used.

During the Y4 the Project will:

- Assist logistic companies to further develop and refine the consolidation service to Serbian exporters.
- Facilitate meetings with companies involved with Fresh exports and companies recommended by sector leads and cold chain study and logistic/transport/distribution system like Lagermax or others – produce tailored solutions for clients.
- Disseminate information on logistics/distribution/transportation services to a larger audience through series of presentations at sector meetings and within the local fairs.
- Develop new promotional tools for logistic, distribution, transportation companies.
- Work with service providers to attend international tradeshow.
- Introduce new technologies to distribution/logistic companies (like ozone generators).

***Expected results:** Introduce new technologies to ABDS providers; to all assisted companies – new revenues US\$ 240,000; new export sales for companies US\$ 1,600,000; companies able to deliver LTL to EU, US and Russian markets at the competitive prices.*

#### **Task 1.3 – Continue ToT for Safe Pesticide Use (SPU)**

During Y2 the Project has successfully trained and certified 20 trainers and more than 500 individual producers in SPU. According to the latest food safety law, any person involved in pesticide use should be properly trained for pesticide handling and use. This leaves an enormous number of people using pesticides that are not trained in SPU. The project will continue in capacity building for this service by assisting MOA in developing the strategy for training of at least 100,000 farmers in the next three years.

In Year Three the Project also began work on providing Safe Pesticide Use (SPU) training and capacity building. The objective of this task is to raise the quantity and quality of technical services provided to pesticide users in Serbia. The Project approach will be to provide technical assistance to the MAFWM, to strengthen their technical capacities and helping to establish a critical mass of resources for the SPU program.

We will carefully proceed in this area to develop and propose a multi-faceted approach to meeting an anticipated vast demand, but we must do so cooperatively with the ministry. We will manage this as we do all joint activities with the ministry, in a collegial and cooperative manner that in the end we believe will lead to a satisfactory, effective, and realistic strategy.

**Expected results:** *Create a system and strategy together with MOA; train minimum 40 new trainers in SPU to ensure faster training process of the individual farmers*

*Note: More details are presented in the Environmental Section*

**Task 1.4 – Grow Culinaria - new Belgrade Food Show**

Early in Year Three the Project began to work on the development and implementation of the Culinaria Food show for Serbia. By the end of the third quarter good progress had been made, and the expectation is that the show will be a good success, and that the 2010 show will lay the foundation for Culinaria to become an important, and well regarded, food show for the entire Balkan region. Following the success of the first Culinaria show (in late September, 2010) the Project will continue to provide support to the implementers of the show over the course of Year Four, and into Year Five as well. The Project would like to grow Culinaria in the coming years so that at least 300 companies from Serbia and other regional countries participate as well. The Project will work with local service providers and associations to promote the show, and visits will be made to all the major food trade shows in the region to promote the Culinaria show.

We will revise the role that BelExpo is playing and their capabilities during year 4 of the Project. One thing is becoming clear is the lack of sophistication that BelExpo is demonstrating in the promotion of the event be it for exhibitors or for attendees. The absence of the owner, incapacitated by several strokes, is greatly diminishing the Belexpo team's capabilities and initiatives. This is a major problem and needs to be thought through for the next event.

It is our plan to grow the Belgrade food trade show in the next three years through service providers to reach minimum 300 companies from Serbia, former Yugoslavia and regional countries and to become the focus point for the food industry of Eastern Europe.

To be able to do so we plan to work with the Belexpo (as local service provider) and the National association for food trade – NASFT, (as foreign STTA) to further develop Belgrade food show with association funding.

Hire NASFT (or a comparable providers) as an STTA to assist with:

- Refine the strategy and provide assistance for further development of the Belgrade food trade show;
- Technical assistance with food show layout and organization;
- Assistance in creating the exporters association to partner Belexpo;

The Project staff will also assist service providers with:

- Promotion of the trade show via: website development; PR campaign; advertizing;
- Direct promotion at the regional tradeshows, engage Serbian Chamber of Commerce, Belgrade City Hall, NTOS, SIEPA GTZ and others.
- Ensure exhibitor base: domestic via presentations; promotional campaign; foreign – link with Tuto Food and Fancy food, advertize within regional countries.
- Work on the buyer attendance – invite all the major retail chain in Europe.
- Develop proper training sessions and ensure adequate guest speakers for the three days presentations during the show.

**Expected results:** *Second food show in Belgrade should attract at least 150 exhibitors (90 domestic and 60 foreign). US\$ 300.000 new revenues for the service provider; 10 new jobs within the service provider; 90*

*local companies exposed at International Trade Show; US \$6 million of total sales of participated companies; possible creation of export association and finance vehicle for the association.*

**Implementation Period:** October 2010 – September 2011

### **Task 1.5 - Management training - capacity building and promotion**

In May of 2010, Carr Swanson and Randolph, LLC (CSR) provided two 3 day leadership training programs for approximately 26 companies/Agribiz staff and one 3 day training-of-trainers program for 7 consultants. The purpose of the training was to strengthen the competitiveness of Serbian agricultural enterprises through improving participants' ability to better lead, motivate and inspire their employees, colleagues and superiors. The course was not offered as a management course – it was not designed for “leaders” of companies. Instead, it focused on strengthening the qualities of personal leadership through influencing others. It was designed around Kouzes and Posners' well known seminal book *The Leadership Challenge*. In it they define 5 practices of effective leadership, including: inspiring a shared vision; modeling the way; enabling others to act; challenging the process; and encouraging the heart. The course also blends in aspects of emotional intelligence as applied to business environments. At the end of the course students had a clear understanding of their own ability to lead innovation and development of a company from wherever they are placed within the organization.

To continue with the training process USAID Agribusiness Project is proposing that Mr. Pete Swanson carries out “Negotiations Training course”. The program's purpose is to provide a train-the-trainers course in commercial negotiation theory, application, and skills building.

Topics covered are: theory and practice of negotiations; extensive negotiations exercises; case studies; dealing with difficult behaviors in negotiation; creative problem solving; facilitation techniques; dynamics of multi-party negotiation; effective communications; delivering feedback; crucial confrontations; breakthrough conversations; culture and negotiations.

Therefore, engagement of CSR to do the ToT for business service providers (that are delivering the business training program) and other ABDS providers is envisioned.

***Expected results:*** *Two new trainings added to training portfolio of the existing training companies; at least 5 service providers (10 trainers) trained; minimum 20 companies trained in negotiation and business leadership skills;*

**Implementation Period:** October 2010

### **Task 1.6 – Assist promotion of introduction of standards that market requires**

The value chain analysis of selected six subsectors prepared by the Agribusiness Project have shown that the lack of compliance with international standards is one of the key obstacles in increasing competitiveness of agricultural products in both domestic and international markets. In addition, future EU integrations and WTO membership will put additional pressure on greater implementation of relevant international standards and quality management systems in production and processing of agricultural products.

In order to be able to market Serbian agricultural products internationally, it is important to continue increasing their competitiveness by emphasizing importance of producing quality produce in line with requirement of quality and safety standards. For this reason the Agribusiness Project plans to continue supporting certification of international standards through the grant program on a cost-share basis with client agribusinesses. The program will encompass selected quality and safety standards, in accordance with specific program criteria, and based on the client needs estimation. The Program in the Year 4 will be implemented on the first come first served basis, for approximately 20 Project beneficiaries. Since this will be the final year of implementation of such support, the program will be designed only for agribusinesses that have already initiated the process of introduction of standards, and will cover only the costs of certification. The Agribusiness Project's share in grants provided to the agribusinesses will be up to 70% for certification services, up to the amount of maximum \$5,000 per beneficiary.

In addition, the Project will organize the media event to promote the importance of international standards and present the agribusinesses that have successfully completed the certification process with the Project's assistance as examples of sound business practices

**Expected Outcome:** Approximately 20 agribusinesses completing the certification process for selected international quality and safety standards.

**Implementation Period:** March 2011 through September 2011.

*Note: More details are presented in the Policy Section*

### **Task 1.7 – Farm management training for local service providers**

Agricultural production, and further development of this sector in Serbia, is limited by a lack of knowledge in some fundamental areas, such as farm management. This problem also has an influence on a number of other related issues, such as: business planning, cost management, financial planning, and others. Thorough and precise bookkeeping is a basic source of information for any business decision making process, and is crucial also. The significance of these activities can be also presented thru concrete savings during the input supply process and product calculations. This subject also provides valuable information on product profitability, and the future selection of product types.

Although large scale producers have bookkeeping systems in place, usually through contracted agencies, their knowledge about farm management practices and techniques is very low.

The Project is planning to support and enhance the management capabilities of project client firms, specifically companies that are providing advisory services (ABDS). The Project will hire the consultant who will present practical, usable, techniques to selected training participants, which will allow them to implement new ideas and techniques quickly in their daily practices. This will benefit all companies that ABDS are advising. We are expecting results in decreased production costs and improved quality of the crops and products from firms that are receiving advices from assisted service providers.

**Implementation Period:** November 2010 – March 2011

*Expected results: 20 service providers trained in farm management skills and giving advices to their clients (200 companies minimum); increase revenues for service providers; lowered costs for client companies; improved bankability – easier access to finance;*

### **Task 1.8 – Capacity building of local laboratories**

Consensus has been growing within the scientific community that small doses of pesticides and other chemicals can have adverse health effect on humans and animals. In the last few years, pesticide residues in foods have become a major consumer safety issue since application of chemical pesticides for food products is widely used. Also, as large quantities of fruits and vegetables are now imported to the EU, concerns have arisen as to their safety versus those grown domestically in the EU. To address these concerns, regulatory agencies have resorted to the use of various analytical methods to monitor these food stocks increasing both the scope of residue analysis and the number of samples analyzed.

The analysis of pesticide residues in food and environmental samples has been practiced for over 40 years by laboratories throughout the world. The method of extracting pesticide residues from food samples and preparing them for analysis is a time consuming, expensive, and labor intensive process. To address this problem, new multiresidue methods such as the **QuEChERS** method have been developed to accommodate the increase in sample loads. This new multiresidue method has yielded an increase in laboratory throughput while also improving analytical sensitivity. Improved throughput has been accomplished primarily by enhanced sample cleanup products that reduce potential interferences to yield cleaner chromatograms and reduced potential instrument downtime.

As the exporters are required to test more and more shipments the reliability and capacity of local laboratories are become of vital importance. The Project will work with the laboratories during Y4 on its capacity building and training. The Project will focus on analysis of pesticide residue and disseminate information on new methods like – quechers (QuEChERS (pronounced Catchers), an acronym for Quick, Easy, Cheap, Effective, Rugged and Safe, is a sample extraction and clean-up technique widely used for the analysis of multiple residues in hydrated agricultural products), screening and other reliability tests. Organize round tables and conduct comparative analysis on requirements for pesticide use in EU, Russia and US. Introduce grant program for inter-lab research and test.

### **OBJECTIVE 2: IMPROVE ACCESS TO FINANCIAL SERVICES BY SERBIAN AGRIBUSINESSES**

Agribusinesses in Serbia face significant problems in accessing loans for working capital and investment, although the agricultural sector represents a large and attractive market that is critical to the growth of the economy.

#### **Task 2.1 – Improve financial services in agribusiness**

Agribusinesses in Serbia face significant difficulties in accessing credit for either working capital or investment, despite the fact that the agricultural sector represents a large and attractive market for lenders. To facilitate the access to credit on the part of agribusinesses, the Project will disseminate information credit and/or loan packages available for agribusinesses (Ministry of Agriculture, SIEPA, Development funds, Republican Agency for SME development and other donors), and advise individual clients on the preparation of applications for bank loans and guaranties.

The Project staff will:

- Facilitate dissemination of information about government/bank/donor credit/loan packages for agribusinesses (Ministry of Agriculture, SIEPA, Development funds, Republican Agency for SME development and other donors);
- Advise individual clients on preparation and application for bank loans and guaranties;
- Conduct seminars with bank loan officers to educate them on mitigating risk in lending to agriculture and agribusiness. We will focus on a core group of lenders such as Agrobanka, Procredit Bank, Opportunity International, Credit Agricole, Societe Generale, Intesa and Piraeus Bank, etc.

*Expected deliverables: Seminars and workshops, 300 agribusiness entrepreneurs informed and pursuing loans*

#### **Task 2.2 – Provide assistance in stimulating credit activity**

The current crisis started out as a financial crisis, and the first effects were felt in that sector. Similarly, first government interventions for alleviation of the crisis in other countries (in our country as well) were directed at stimulating credit activities. It was realized that loans are more necessary now than ever before, and that it is necessary to revitalize the banking sector. Especially bearing in the mind that it was the agrarian credit portfolio that has suffered the largest drop since the beginning of the crisis and that funding for the purchase of harvested products are necessary to be provided. Agriculture needs: Organization of Trainings in Instruments of the Pre-Accession Assistance (IPA) of the European Union: The tailored training will be designed for the two groups of beneficiaries: 1. potential service provider, including also extension service, cooperatives and rural development network which will disseminate information about available programs and provide professional assistance in designing project proposals; 2. leading sector agribusinesses wishing to gain better understanding of IPA. The trainings will primarily deal with IPARD component of IPA, its objectives, programs, implementation, axes, measures available under different axes, structures and management, as well as capacity building in proposal/project development, eligibility of expenditures, etc. In addition, the trainings will also be used for dissemination of information regarding future developments in agricultural sector with respect to the EU integrations and adoption of common agricultural policy (CAP), including benefits for farmers and agribusinesses gained from the integration.

**Expected outcome:** Set of trainings on IPA developed and organized in cooperation with the Ministry of Agriculture and Guide Book on integration of Serbia to the EU and CAP printed, to enable farmers to become acquainted with the upcoming integrations, change their behavior or make investments necessary to improve their ability to respond to the upcoming changes.

**Implementation period:** October and November 2010 for printing of the Guide Book, while trainings will be organized during the third or fourth quarter of Year 4.

**OBJECTIVE 3: IMPROVE ABDS DELIVERY BY SUB-SECTORS**

*Note: more details are given in the sub-sector plans*



## MARKETING & SALES

### Introduction and background

The goal of the USAID Agribusiness Project is to increase the value of Serbian agricultural product sales and to boost employment in the agricultural sector. Project Sales Results at the end of year three are as follows: \$ 90+ million contracted and \$ 50 million delivered. This is significantly ahead of the Project goal of \$72 Million and are exceptional results due to the global financial crisis affecting world trade. To date, the Project has focused on two factors critical to improving market access for Serbian agribusinesses.

First, we have helped producers gain a deeper understanding of product and delivery requirements and pricing in domestic and international markets, by developing better sales, marketing and negotiation skills, and by obtaining greater exposure to buyers through buyer visits, international fairs and other buyer linkage methods. Our implementation philosophy is not to differentiate strongly between the domestic and international market (there is no safe home market for producers who cannot meet international quality, cost, production capacity and service standards), so we plan to continue our work with producer associations providing them the necessary resources to expand the demand for Serbian products in the local and international markets.

Second, we have worked on the public sector marketing support infrastructure for Serbian agriculture. Past work by USAID projects with the Serbia Investment and Export Promotion Agency (SIEPA) and the Ministry of Agriculture Forestry and Water Management (MAFWM) has shown that Serbian government marketing and promotion programs can be a catalyst for new exporters and small producers to develop new markets. This support is critical in Serbia, because many producers lack the skills, knowledge, and funds to get started on their own. It is also a proven sustainable model employed by many successful exporting countries. However, in the midst of the Global Financial Crisis, the Ministry of Agriculture and SIEPA reduced or eliminated their financial support for Export Promotion. The USAID Agribusiness Project aims to work directly with the Ministry of Agriculture, SIEPA, the Serbian Chamber of Commerce and export oriented associations, cooperatives and private companies to improve and enhance their abilities, services and financial resources to allow them to pursue export promotion.

This two prong approach in conjunction with the work of the sub-sector cross-cutting teams has resulted in impressive gains in sales and jobs. Gains that as we near the end of year three of the project exceed end of year four targets in sales consummated and jobs gained. This project success on two major indicators gives us an opportunity in Marketing & Sales (M&S) to explore new models of sustainability, expand the opportunities to include smaller producers primarily located in the south Serbia and to quicken the pace of transition to Serbian response to market opportunities.

Through a series of sector meetings with the project team members, companies, the MAFWM and associations, M&S team has developed a comprehensive fourth year implementation plan for exploiting the transition window that is open to us and expands and accelerates our project activities. Our year four plan is divided into two main elements that target depth and breadth of Serbian response capabilities to market opportunities.

- 1) Depth - Enhance firm/association level ability to identify, respond to, and succeed in capturing market opportunities. This could mean for some firms developing in-house capacity and for others reaching out in a knowledgeable way to engage service providers.

2) Breadth – Strengthen service provider capacity to provide excellent sales and marketing services, to price such services right, and to be able to identify the market needs for such services.

**Objective 1 - Implement Firm/Association-level Activities**

**Task 1.1 - Trade Fair and Export Promotion Preparation Trainings**

In order to assure the professional presentation of Serbian companies in trade fairs in pursuing export oriented business and providing the greatest opportunities to successfully close sales, the USAID Agribusiness Project will initiate a series of market based workshops in Year 4 that will remove key barriers and establish sustainable practices for the associations to carry-forward.

The Project shall design and deliver training to partner Agribusiness Sector Associations on "***How to Organize Trade Fairs and Export Promotion***" and will enable additional training and business linkages for at least twelve Serbian companies and associations participating in fairs, as well as technical support and promotional materials design. The Project shall design the 3 course(s) and target the training(s) to capitalize on the fact that Serbia is the logistical hub and the largest food producer in Southeastern Europe.

The technical approach to this element of the Scope of Work will be to use technical training programs, in combination with association development grants, to provide the training services and to build the skill levels of the partner associations. The training programs will be based on marketing & trade fair training activities the Project has implemented in the first three years, with adaptations to insure the materials fit the needs and capabilities of the associations being trained.

The Project shall also design the course(s) to ensure that the selected sectors are able to enhance their participation in international trade fairs in coordination with international contacts, and to create an environment in Serbia that is attractive for buyers from the EU, the UK, Russia, South Eastern Europe, and the Middle East, as well as for the major and medium sized European Supermarkets, such as Tesco, Netto, Asda, Coop and Migros. The Project will design the course(s) to emphasize the importance of these linkages, how to make them, and in what ways trade fairs serve as a catalyst for small producers in Serbia to capitalize on market opportunities, and contribute to building local capacity.

To add to the breadth of services we plan to deliver the following training workshops to sector associations, companies, private sector educational training companies and educational institutions.

- ***“How to Organize Trade Fairs and Export Promotion”***
- ***“Sales & Marketing for Export Promotion”***
- ***Negotiation Training***
- ***Market Research – ITC Trade Map***

**Task 1.2 – South Serbia Training Initiatives: Training for Firms: Strengthen business skills – Road to Culinaria**

The Project shall design and launch Business Training Programs in Novi Pazar, Leskovac and Nis, and in other southern Serbian cities if appropriate, for small producers and processors to enable them to increase their market opportunities and to expand their sales within the greater Serbian, and Balkan regional markets.

In order to gain greater company buy-in, the trainings will be linked with the opportunity to exhibit at the ***Culinaria*** Trade Fair in 2011 in Belgrade. Providing the direct market opportunity for

companies provides a stronger impetus to participate and invest in the necessary business requirements.

Specific subjects and topics to be included in this training program will include the following:

- 1. Market Analysis**
- 2. Strategic & Business Plan Development**
- 3. Selling Skills**
- 4. Business Networking**
- 5. Finance and Access to Finance**
- 6. Marketing & Communications**

The Project's technical approach to these training programs will be to seek out new client companies in the south of Serbia using the USAID field offices, USAID funded projects operating in the south, and other donor funded activities that have an economic development component. The training programs will be based on the management and marketing training programs offered in Years Two and Three, with the content and schedules being modified to better suit the participants in the seminars.

These seminars will be implemented using experienced local service providers, and international consultants, that have materials already prepared and which are familiar with the Serbian business environment and the domestic and regional markets for food products

**Estimated Project Results:** 40 small companies from southern Serbia exhibiting at the Culinaria Trade Fair.

#### **Task 1.3 - Transition Associations to domestic and international self-promotion**

As part the Year 4 new trade fair policy, the project will primarily be supporting associations to organize and manage export promotion events. However, the associations and the existing program beneficiaries will continue to need guidance and support in pursuit of new markets and with their transition to self-promotion. The Marketing and Sales Department will work directly with the associations and with local service providers to utilize the trade show handbook to assist them in preparing an offering to sector associations and companies for the organization of their exhibitions at international events such as trade fairs. USAID has provided some of the associations with a grant to facilitate their participation at Trade Fairs.

**Expected outcome:** 5 associations to organize their members exhibition and participation at; Fruit Logistica, Biofach, Vita-Food, Mihas Halal Fair and World Food Moscow

#### **Task 1.4 Marketing and Promotional Grants**

The USAID Serbia Agribusiness Project through the value-chain analysis has identified marketing, branding, packaging and labeling as weaknesses in Serbian businesses ability to be competitive. In Year 2 of the Project, Agribusiness launched a Marketing and Promotional Grant Scheme that attracted over 72 initial applicants. The number of accepted applicants was narrowed to 25 with a cost-share funding not to exceed 45% of the final amount. In Year 4, the Project will issue a second call for proposals from all the project sectors for the Marketing and Promotional Grants.

There will be greater emphasis on the inclusion of smaller companies from southern Serbia in support of the "road to Culinaria 2011" program of business training to ready their packaging and promotional materials.

The USAID Agribusiness Project's grant funds will be used to support the clients' activities in the following areas:

- Design of new packaging for various purposes e.g. shifting from bulk to retail, new market trends, etc.
- Design of a new company/product logo and/or visual identity
- Design of product label
- Design of marketing material for export and domestic markets e.g. catalogues, leaflets, and other promotional material
- Creation of company's website
- Other activities aimed at improving marketing and promotion of Agribusinesses

Training & STTA: Packaging & Design Spear

**Expected outcome:** 30 private companies with improved marketing and promotional materials that will assist them in increasing their sales by a minimum of 20% and 20 ABDS providers providing fee based services providing them with a growth in their service offering revenue of 20% in Year 5.

## **Objective 2 - Implement Service-level and Association Activities**

### **Task 2.1 - Trade Fair Support**

The main goal is to improve the effectiveness, volume, and reach of business, association and government support for international fairs and export promotion events. At the end of the 3<sup>rd</sup> Qtr of Year 3, the Agribusiness Project has assisted Serbian companies with an estimated \$150 million in potential new business of which, \$90 million has been contracted and \$50 million has been delivered.

SIEPA, Serbian Chamber of Commerce, Ministry of Agriculture and the Ministry of Trade & Services had previously taken over primary support for international fairs. However, the global economic crisis reduced or completely eliminated their budgets for support for these fairs. During Year 3, the USAID Agribusiness Project provided direct support for the continuation of trade fair participation for Serbian companies and began the process of transitioning this role into existing and newly established sector associations.

Our proposed program for Year 4 continues this transition building capacity and sustainability and supports The Projects Grants Program for Association Grants.

The USAID Agribusiness Project, but will also endeavor to re-build the Government's commitment and develop private sector capacities to pursue directly international export promotion events.

The Year 4 Work Plan includes at least six (10) international fairs and three (3) Sales Missions to regional and international fairs and markets in the work plan cycle. Sales missions will all be conditioned upon the interest of companies. If no company shows interest in doing a sales mission, we will not pursue it.

The M&S team will continue to identify and support the development of new trade fair opportunities and assist with systems for the training of associations, business service providers and firms to optimize their participation in trade shows. The activities will include sales and marketing trainings, facilitation of buyer linkages, definition of distribution strategies, negotiation and contract facilitation and overall direct sales support.

The M&S team will train the associations on how to conduct market research for all fairs and assist them with identifying potential products for specific markets for each fair (with regard to market

## USAID Serbia Agribusiness Project – Year Four Annual Workplan

size, annual growth, price, competition, etc). Outcome of the market research together with information on specific fairs will be presented to wider audience.

The M&S team will work with national associations of producers and marketing companies on preparing booth outlines, designs, promo materials, invitations to foreign buyers, press releases to foreign and local media, etc. We will also provide hands-on support, training, and mentoring to the sector associations and selected marketing service providers to ensure that they master events planning, web and print promotion, media buying, and public relations.

The USAID Agribusiness Project will also endeavor to attract additional donor partners for the proposed trade show promotion process reaching out the European Union, Serbian Ministry of Agriculture, Serbian Ministry of Economy, Serbian Ministry of Trade, Serbian Investment and Export Promotion Agency and the Serbian Chamber of Commerce for financial participation.

The implementation of the above approach will:

- Imbed sustainable practices in sector associations for the successful organization and participation of their member companies at international trade fairs.
- Remove USAID from the primary financing and organization of Serbian agribusiness export promotion and thus reduce its program costs

### International Fair Listing

Name	Location	Dates	Sectors	Comments
SIAL	Paris	Oct. 17-21, 2010	Fruit, Berries, mushrooms, vegetables	Exhibiting – 12 companies
Salon del Gusto	Torino	October 21-25, 2010	Fruit, berries, mushrooms, vegetables	Exhibiting – Fixed Price 5 companies
Tirana Fair	Tirana	November 2010	All Sectors	Chamber of Commerce
Fruit Logistica	Berlin	Feb. 3-5 2011	Fruit, berries, mushrooms, vegetables	Fruits of Serbia Assoc
BioFach	Nuremburg	Feb 17 – 20, 2011	Fruit, berries, mushrooms, vegetables	Serbia Organica
Mihas Halal	Kuala Lumpur	Apr 6 – 10, 2011	All Sectors	Serbian Halal
Tutto Food	Milan	May 8-11, 2011	All Sectors	Serbian Chamber of Commerce / SIEPA
Vita Food	Geneva	May 10-12, 2011	Herbs	Serbia Flora
World Private Label	Amsterdam	May 24 – 25, 2011	All Sectors	SIEPA
Fancy Food	Washington DC	Jul 10-12, 2011	All sectors	USAID Agribusiness
World Food Moscow	Moscow	Sep 15-19, 2011	All Sectors	SIEPA / Serbian Prune Assoc

**Facilitate Sales Linkages for Serbian Agribusinesses–Sales Missions (inbound/outbound)**

The sales linkage services provided by the Agribusiness Project have been ongoing since the project inception. They are developed through trade shows, Serbian Fruit website, magazine stories, partner initiatives and advertising in international periodicals and most recently with an aggressive promotion of the Culinaria Trade Fair. Targeted initiatives in Year 4 include:

<b>Inbound Buyer Missions</b>	<b>Outbound Sales Missions</b>
Belarus	Macedonia
Russia	Croatia
Turkey	Bosnia i Herzegovina
CEFTA	Bulgaria
	CEFTA

**Task 2.2 - ABDS and Export Association Preparation for Fairs and Sales Missions**

The M&S team will provide hands-on support, training, and mentoring to export associations and selected marketing service providers to ensure that they master: Events Planning, Web and Print Promotion, Media Buying, Public Relations and International Market Sales Techniques. In addition, the M&S team will: 1) Assist all export associations with the implementation of a monitoring and evaluation process that measures short, medium and long term impact versus investment, 2) Provide technical assistance to service providers and export associations on budget preparation with a cost sharing process.

**Expected outcome:** Five Associations supported who will take full responsibility for their association members organization and participation at International Trade Fairs in Year 4 and onwards.

**Task 2.3 - Prepare and promote new Culinaria 2011 Food Show**

Work with local fair organizers to continue to develop Culinaria food show (possible association funding). It is our plan to grow the Belgrade food trade show in the next two years through service providers to reach minimum 300 companies from Serbia, former Yugoslavia and regional countries and to become the focus point for the food industry of Southeastern Europe.

To be able to do so we plan to work with the Belexpo (as local service provider) and the National association for food trade – NASFT, (as foreign STTA) to further develop Belgrade food show with association funding.

Hire NASFT (or a comparable provider) as an STTA to assist with:

- Refine the strategy and provide assistance for further development of the Belgrade food trade show;
- Technical assistance with food show layout and organization
- Assistance in creating the exporters association to partner Belexpo;

The Project staff will also assist service providers with:

- Promotion of the trade show via: website development; PR campaign; advertizing
- Direct promotion at the regional tradeshows, engage Serbian Chamber of Commerce, Belgrade City Hall, NTOS, SIEPA GTZ and others
- Ensure exhibitor base: domestic via presentations; promotional campaign; foreign – link with Tutto Food and Fancy food, advertize within regional countries.
- Work on the buyer attendance – invite all the major retail chain in Europe.

- Develop proper training sessions and ensure adequate guest speakers for the three days presentations during the show.

**Expected results:** Second food show in Belgrade should attract at least 150 exhibitors (90 domestic and 60 foreign). US\$ 300,000 new revenues for the service provider; 10 new jobs within the service provider; 90 local companies exposed at International Trade Show; US \$6 million of total sales of participated companies; possible creation of export association and finance vehicle for the association.

**Implementation Period:** October 2010 – September 2011

## **2.4 Foreign Direct Investment**

The continued growth in Serbia's agribusiness sector will rely heavily on foreign direct investment. The USAID Agribusiness Project, the Serbian Ministry of Agriculture, Serbia Investment & Export Promotion Agency (SIEPA) and the European Bank for Reconstruction & Development (EBRD) have identified a significant weakness in agribusiness investments in Serbia.

In year 3, The Project worked with the Ministry of Agriculture on the development of an agribusiness promotion video to be used to stimulate foreign interest in Serbia.

EBRD, the Ministry of Agriculture and USAID Agribusiness Project have formed an initiative for an investment conference to be held in London on November 17, 2011.

- EBRD will provide the venue and invite international food/agribusiness companies.
- Ministry of Agriculture will provide promotional materials and the Minister will open the conference
- USAID Agribusiness Project will provide:
  - Copies of promotional video for distribution
  - Consultation for Serbian companies participating and presenting
  - Invitations to potential food/agribusiness investors

**Expected Outcome:** \$100 million in new FDI in Serbia over the next 2 years

## **2.5 Junior Achievement**

The Project will design, and assist JAS to implement, a sustainable funding model for Junior Achievement Serbia (JAS), which will increase private Serbian and international company financial support for JAS.

The U.S. Government, through USAID funded programs (most recently Preparedness, Planning and Economic Security Program, or PPES) has supported the JAS program in Serbia since 2003. In the past, this support was limited to funding JAS to implement its curriculum in selected high schools, mostly in Southern Serbia, and this will continue with this current budget modification.

The Project's technical approach to this task will be to use the experience of similar non-profit organizations in the US and to bring in an expatriate consultant who can advise the Project, and JAS, on how to design and implement an effective fund raising program.

In order to achieve the goals of USAID Serbia for a sustainable JAS program, the funding resources of JAS must be diversified, and that will require a significant cost sharing by local businesses. However, due to recent fraud related to fund raising activities, and the subsequent jailing of persons

involved in fundraising in Serbia, JAS must develop a clear and transparent mechanism for successfully seeking business partners to support their programs.

The PPES Project, and the USAID Agribusiness Project, have joined forces to help achieve this funding transition for JAS and to embed a sustainable and transparent fundraising program within the organization.

The Project's technical approach is based on the creation of a sustainable process, which is embedded within Junior Achievement, to conduct successful fundraising activities. The Project will hire a Short-Term expatriate technical consultant:

- Examine the local environment in Serbia for fundraising activities, and the capacities within JAS to operate a sustainable fundraising program.
- The consultant will provide the Project, and JAS, with a fundraising manual with specific step-by-step procedures outlined for their fundraising activities.
- The consultant will assist with the preparation of materials for the fundraising campaign,
- Assist JAS with the launch of a formal national fundraising campaign in Serbia.
- This campaign, and other fundraising related activities, will continue through the end of September 2011.

With this modification, it is expected that this assistance will allow JAS to reach the financial goal of \$300,000 for the 2011 JAS operating budget. This activity addresses two cross-cutting themes from the Strategic Framework, youth and regional imbalances, with a focus on JAS in the south.









## YOUTH PROGRAM

### Introduction

The overall youth enterprise program includes a number of different initiatives designed to prepare Serbians aged 15-24 for greater participation and success within the agricultural sector. The Youth Enterprise Program plan lists a number of activities designed to enhance youth skills (improved business development planning in agricultural schools and universities, internship programs, etc.) while preparing them for global economic realities. Early interventions with youth in career planning and training ensures proper workforce development within growing agricultural sectors, while fostering the innovation necessary to compete in the new economy.

One of the main objectives of the Agribusiness Project in Year 4 of the program is to institute a sustainable entrepreneurship-based program that encourages new ideas, fosters new networks and information sharing, and strategically prepares youth for success within the Serbian agricultural sector. With the support of the ministries of Agriculture, Education and Youth and Sports, as well as the Chamber of Commerce, the Agribusiness Project team will work to institutionalize an entrepreneurship/business management curriculum in agricultural high schools and universities. The approach will be to work together with educators, students, parents, government, community and agribusinesses to integrate the concepts and principles of sustainable development into education policy, school curriculum, teacher education and lifelong learning across Serbia.

The project will continue insisting that the Ministry of Education take an active role in program implementation and, eventually, make entrepreneurship (at the end of the project) a regular school subject. We will continue our efforts to seek a signed Memorandum of Understanding with the Ministry of Education to determine the program's operations and to build a common understanding on how the program will be conducted. That will allow a smooth transition of project activities to the Ministry when the project ends.

### Task 1.1: Expand Entrepreneurship in Agribusiness Program

With the support of the ministries of Agriculture and Education, introduce “Entrepreneurship in Agribusiness”/“Junior Achievement” (JA) in additional specialized Agriculture high schools across Serbia. Since the Project will continue to work in the 25 schools it already assists. By the conclusion of the Project, the youth entrepreneurship program will have been expanded to 54 existing agricultural high schools in Serbia.

The Project team will continue introducing secondary education courses such as: entrepreneurship, agricultural marketing, business development, and trends analysis in agribusiness production and technology. Armed with business planning know-how, students in these courses are encouraged to submit their entrepreneurial plans to compete for start-up grant funding and technical assistance from USAID and other donors. In carrying out this task, the Project will:

- Conduct more frequent consultation meetings with the Ministry of Education, involving the Ministry of Agriculture, to propose agricultural entrepreneurship programs/Junior Achievement be offered through the Serbian education system and explain the benefits that these programs provide to Serbian agribusiness youth. Present current findings to the ministries of Education and Agriculture and establish next steps for the Agribusiness Project to provide technical assistance for the adoption of entrepreneurship curriculums by the school system.

- Offer agricultural entrepreneurship/Junior Achievement or some other curriculums at the high school level, and work on teacher involvement in entrepreneurship curriculums. The goal is to obtain their adoption by the education system. The Agribusiness Project will provide technical assistance for agricultural entrepreneurship curriculums that will be updated at the high school level.
- Propose that the ministries of Education and Agriculture be involved in approving updated curriculums through a special committee process, as required by Serbian law. The Agribusiness Project will provide technical assistance and STTA expertise for curriculum updates, needed material preparation, and teacher training in preparation for committee review.

**Task 1.2: Institute entrepreneurship-based programs within agriculture universities**

In cooperation with the several Serbian Faculties of Agriculture and the Ministry of Education, the Agribusiness Project will institute entrepreneurship-based programs at universities throughout Serbia, with the already voiced support of the University of Belgrade. Additionally, young entrepreneurs will be supported by student-to-student and professor-to-professor mentorship programs with U.S. universities (e.g., Michigan State University). Those universities will have the appropriate Project STTA consultants make presentations when in Serbia.

- The Project will coordinate with the agriculture universities of Belgrade, Novi Sad and Cacak, as well as with students, to provide support and personnel for entrepreneurship-based programs. Also, together with professors, the Project will assist in the development of entrepreneurship curriculum materials and training programs for university students. The Project's presentation and promotion of its programs and business plan competition will be organized at all three agricultural universities.
- The Project will meet with the Ministry of Agriculture, the Ministry of Education and the universities to investigate both existing and potential education opportunities for graduates from agriculture universities and high schools (such as lifelong learning courses). Furthermore, the Project will explore the possibility of offering a course (in conjunction with the universities) on business development for non-students, or entrepreneurship at the community level.
- The Project will assist in preparing a budget proposal for financing selected agricultural education courses. The funds may be obtained through various sources such as the Serbian government, World Bank, UN, EAR, USAID, etc.

**Task 1.3: Continue developing Internship Programs at agriculture universities**

The Year 4 focus for the Internship Program will be on university students. The Project targets the placement of 50 interns in Year 4. Furthermore, the process of selecting and preparing companies to participate in the Internship Program will be outsourced (e.g., to regional agencies for economic development or regional centers for rural development). At least 20 companies will be involved in the Internship Program. The Project will work with the Chamber of Commerce to obtain business support and participation.

- The Project will have regular meetings with the Serbian Chamber of Commerce to develop a joint proposal for the Internship Program to be presented to the ministries of Agriculture and Education. The Serbian Chamber of Commerce should obtain formal buy-in from the agricultural business sector involving participation in the program and provide motivation measures for those companies as well.

- The Project and its partner agencies will continue providing technical assistance to the design structure and reporting requirements for students participating in the Internship Program.
- The Project together with the PPES project, Chamber of Commerce and ministries of Agriculture and Education, will launch a national campaign involving high-profile business leaders who have signed-on as part of the Internship Program. Internships should be counted as part of the curriculum at both the university and high school levels.

**Task 1.4: Launch the third & fourth rounds of the Youth Business Plan Competition**

As part of the Year 4 workplan, the Project will launch the third round of the Youth Business Plan Competition, a nationwide business planning competition that promotes innovation within the Serbian agricultural sector. The Year 4 competition will take place after “Entrepreneurship in Agribusiness”/ “Junior Achievement” lessons are completed, and will be open to agriculture high school students, Junior Achievement students, and agriculture university students participating in entrepreneurship programs. It is projected to yield 20 excellent business plans for which grant support will be provided.

- The awarded grantees from the first and second rounds of the competition will continue receiving assistance in bringing their winning plans to fruition and in setting their respective agribusinesses on a strong footing for the future. They will also be coached by the USAID Agribusiness Project team to help them to enter and establish themselves on the market, create links with the private and public sectors, and to further nurture their business ideas.
- The Agribusiness Project, together with the Serbian Chamber of Commerce and with support from ministries of Agriculture and Ministry of Education, will launch the third phase of the Youth Business Plan Competition at agriculture high schools, JA schools and universities of agriculture.
- Establish a financing structure with Serbian Chamber of Commerce and Ministry of Agriculture to ensure the competition grant-awards are cost-shared. In addition, seek out sponsorship by a financial institution that can provide mentoring, training, and potentially fund youth-led businesses.
- Announce a public call for business plan concept papers through participating universities, JA and high schools, in the fifth month of Year 4.
- Organize a public award ceremony for the winners of the competition, accompanied with strong media coverage, to promote the winners among youth and thus enhance program awareness among peers.
- The Agribusiness Project will continue to provide sector lead and/or consultants to work with awardees. The advisory support (technical, financial, management) will continue with youth entrepreneur businesses to mentor and approve grant funding. Additional linkages with university faculty mentors will be established.
- The project will explore opportunities for winning innovations to be showcased as “demonstration projects” for both student peers and the community at large.

The business plan competition will orient students toward possible activities in the main subsectors in which the Agribusiness Project works. It also will provide grants in the amount of up to \$15,000

to each successful business plan submission. The grants awarded in the Youth Business Plan Competition will fit within the Agribusiness Project grants structure. Competition awardees may be eligible for a combination of grant, training, and technical assistance for six to 18 months. A media event that highlights success stories from the previous rounds of the competition will be organized before the launching of each new round, in which the previous winners should be publicly recognized and evaluated

**Task 1.5: Project Support for different activities related to young farmers and students**

The Project will support student organizations related to Agriculture Faculty in their activities with the goal of building sustainable environment as a Project legacy. Also Project will support other events related to young farmers and their education.



## ENVIRONMENT

### Component 1: Increased Agribusiness Efficiency & Competitiveness

#### 1.5 Environmental Activities:

Activities undertaken as part of the Agribusiness Project's Environment program will support the objective of improving the competitiveness of Serbian agribusinesses, and improving the overall environment in Serbia. The Environmental Advisor will complete USAID mandated environmental activities, such as environmental reviews of grantees, and insure that the Project is in compliance with all USAID Environmental Regulations. Activities in this component will continue work that began earlier in the Project, which are organized as follows:

#### Task 1.5.1. Pesticide Safety & Environmental Education/Certification (PSEE):

The main objective of the Pesticide Safety & Environmental Education/Certification (PSEE) program is to increase the quantity and quality of environmental services available to Project partners. The approach taken by the Project is to provide technical assistance to Ministry of Agriculture to strengthen their technical capabilities and to establish a critical mass of resources for PSEE in Serbia. This will facilitate a national strategic planning process to ensure that PSEE initiatives in Serbia are rationalized and designed to establish a sustainable national adult PSEE education system. The ambitious PSEE program that the Project launched in Year Three, which builds on Serbian institutions to sustain the work, is the key to success for this program. Specific PSEE program activities for Year Four will be:

- A. PSEE Basic & Advanced Education Program Improvement;
- B. PSEE Basic & Advanced Education Program Delivery Support;
- C. PSEE Program Survey Data Collection & Tabulation;
- D. Professional Services Improvement; and
- E. PSEE Awareness Raising among the public.

The PSEE Program is structured based on selected topics, and each of the topics has a set of subresults and actions to be taken. The program was developed during Year Three, and these actions will be implemented over the course of Year Four, to achieve the desired goals and impact.

#### 1.5.1.1. Integrated Pest Management:

Activities within this environmental program will be implemented by STTA consultants (either US or Serbian) with the relevant expertise which is needed to provide agricultural producer organizations, ABDS providers, and pest managers with modern IPM knowledge and practices. The IPM program will cover all aspects of crop production and processing, from planting to harvesting, through to post-harvest handling and food processing and distribution. Integrated Pest Management (IPM) represents a comprehensive approach to pest control, which combines methods of reducing the presence of pests to tolerable levels while maintaining environmental quality. IPM is the coordinated use of pest and environmental information, along with available pest control methods, including biological and chemical methods, to prevent unacceptable levels of environmental damage.

**Expected Outcome:** : *technical reports, case studies, recorded broadcasts; pesticides users trained and certified, completed advanced trainings for 500 holders of SPU 2009 license; Improved PSEE trainer competencies, thereby improving the quality and effectiveness of training; Completed development of curriculum involving exercises in learning; Standardization of training provided to*

*trainers completed; Created and disseminated case studies and awareness campaigns; Effective PSEE system and its administration and technical services capacity established; adopted IPM practices by farmers from all agricultural subsectors in which the Project is active.*

**Implementation Period: October 2010- September 2011**

***1.5.2. Cleaner Production Assistance (CP):***

During Project Year Four the focus of the Cleaner Production Assistance program will be on providing technical and financial assistance to support client enterprises implementing Cleaner Production programs within their processing operations. Assistance will be available to companies, from all six sub-sectors, to adopt methods and processes that minimize waste, pre-treat wastewater, and save energy through low-cost, or no-cost, opportunities. Through a set of training programs for client firms, and ABDS providers, client companies will be instructed on how to apply basic CP concepts and assessment methods, and how to integrate CP into their business strategies and planning. The Project also expects to provide limited support to enterprises wishing to more fully implement CP programs via small CP grant program that will be budgeted up to \$ 30,000

**Expected Outcome: completed trainings for minimum 10 enterprises; completed feasibility studies, awarded up to 10 small CP grants**

**Implementation Period: December 2010- September 2011**

***1.5.3. Environmental Compliance Activities:***

The aim of Project Environmental Compliance activities is to ensure the application of environmental procedures as is required by USAID rules & regulations. The Environmental Specialist will assist other professional staff within the Agribusiness Project to increase the opportunities for environmentally acceptable Project actions, as well as to minimize exposure to environmental risks. The Environmental Specialist will also conduct environmental reviews of grant applicants, so ensure compliance with USAID's environmental requirements, and the Project will continue to insure compliance with the Project's PERSUAP.

**Expected Outcome: Supported two national conferences on status of environment and particular environmental media, published reports and studies**

**Implementation Period: October 2010- September 2011**

ENVIRONMENT		Month>	Oct 2010				Nov 2010				Dec 2010				Jan 2011				Feb 2011				Mar 2011				Apr 2011				May 2011				Jun 2011				Jul 2011				Aug 2011				Sep 2011							
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
Task	Activity	Event																																																				
Task 1.5.1. <i>Pesticide Safety &amp; Environmental Education/Certification (PSEE):</i>																																																						
		PSEE Basic & Advanced Education Program Improvement																																																				
		PSEE Basic & Advanced Education Program Delivery Support																																																				
		PSEE Program Survey Data Collection & Tabulation																																																				
		Professional Services Improvement																																																				
		PSEE Awareness Raising among the public																																																				
		Integrated Pest Management																																																				
1.5.2. <i>Clean Production Assistance</i>																																																						
		workshops for companies																																																				
		feasibility studies																																																				
		small CP grants																																																				
		CP promotion																																																				
1.5.3. <i>Environmental Compliance Activities</i>																																																						
		National Conference on Status of Environment																																																				
		Sectoral studies																																																				
		National Conference on Water and Agriculture																																																				
		Reg. 16 compliance activities																																																				
1.0 <i>Commodity Action Plan support activities</i>																																																						
		Task 1.5.1																																																				
		Task 1.5.2																																																				
1.1 <i>Strengthening Producer Organizations support activities</i>																																																						
		Workshops-organic agriculture																																																				
1.2 <i>Improving ABDS/Finance Services support activities</i>																																																						
		PSEE																																																				
1.3 <i>Marketing &amp; Sales Assistance support activities</i>																																																						
		Reg 16																																																				
1.4 <i>Youth Enterprise Program support activities</i>																																																						
		Reg 16																																																				
1.6 <i>Women in Agribusiness support activities</i>																																																						
		Reg 16																																																				

## GENDER PROGRAM

Over the course of Year Three, the Project focused on assessing interest and needs of women working in agribusiness, as well as level of organizational capacities of women organizations and associations. In spite of economic crisis or maybe resulting from it, there is still great interest among women in rural areas to start and pursue their career in agribusiness. The Project recognized this interest and decided to implement Grant program to facilitate Women Entrepreneurship in Agribusiness that will incorporate training program and start-up grants for women participating in the training program. This Program will be implemented during the last quarter of Year 3 and throughout Year 4.

- Training program will be implemented during the course of Year Four's Q1 and Q2. After completing the training, women will submit their business plans to Agribusiness Project and compete for the grant-startup money for new businesses. During implementation of training and grants program, Agribusiness Project will cooperate closely with non-governmental Associations which will implement the Program in 4 regions of Serbia. Careful selection of training participants will result in 200 women completing the training and developing business plans suitable for starting, developing or managing their own private businesses
- The best business plans created during training will qualify for a start-up grant for developing new businesses, each grant shall not exceed \$15,000 in amount, 10 grants shall be awarded. In addition, the USAID Agribusiness Project will further assist grantees to take advantage of emerging opportunities in domestic, regional and international markets, and provide other technical assistance available to the other benefiting agriculture-related firms participating in the USAID Agribusiness Project-supported activities.
- Another course of trainings should be provided to women already active in agribusiness (agribusiness related companies already registered). Given that they already have certain knowledge of business management, Project should support training devoted to further strengthening of their presence in agricultural sector and on the market - some of training topics should involve finance, marketing, foreign markets, system of quality, buyer linking,..).
- During Year Four, Gender program should remain flexible and provide individual assistance in specific cases – collective visits to fairs and exhibitions, organization of business meetings in the country, enable linking of women entrepreneurs whose enterprises are in different stages of development, etc.
- Closer cooperation with Women Associations and Organization should be achieved during the Year Four; Agribusiness Project should be open to suggestions and propositions coming from Women Associations or related organizations. During March 2011, The Third Women Conference will be organized, most probably in Leskovac, and Agribusiness Project will present Grant Program to facilitate Women in Agribusiness and Gender Program's current activities. USAID Agribusiness Project will support organization of The Third Women Conference through covering part of refreshment and printing material costs.
- In all activities throughout the Year Four, Gender program staff should , with the assistance of the communications advisor, endeavor to promote and stress the importance of women in agribusiness and entrepreneurship in general. Bearing this in mind, a round table or conference on topic of Women in agribusiness should be organized, where results and the overall idea of

the Grant program to facilitate Women in Agribusiness will be presented and possibilities for expanding career for women will be evaluated, promoted and discussed. In this abovementioned activity, Ministry of Agriculture and Chamber of Commerce should be actively involved.





**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Year Four Annual Workplan**

**October 1, 2010 – September 30, 2011**

**Annex V – Enabling Environment Plan**

# Enabling Environment Plan

## COMPONENT 1: INCREASED EFFICIENCY AND COMPETITIVENESS OF SERBIAN AGRIBUSINESS

This section of the Workplan outlines programs and activities which will be implemented by the Agribusiness Project in the Year 4, for the purpose of increasing efficiency and competitiveness of Serbian agribusinesses.

**Task 1.1.1: Promote and provide support to introduction of international standards:** In order to be able to market Serbian agricultural products internationally, it is important to continue increasing their competitiveness by emphasizing importance of producing quality produce in line with requirement of quality and safety standards. For this reason the Agribusiness Project plans to continue supporting certification of international standards through the grant program on a cost-share basis with client agribusinesses. The program will encompass selected quality and safety standards, in accordance with specific program criteria, and based on the client needs estimation. The Program in the Year 4 will be implemented on the first come first served basis, for approximately 20 Project beneficiaries. Since this will be the final year of implementation of such support, the program will be designed only for agribusinesses that have already initiated the process of introduction of standards, and will cover only the costs of certification. The Agribusiness Project's share in grants provided to the agribusinesses will be up to 70% for certification services, up to the amount of maximum \$5,000 per beneficiary.

In addition, the Project will organize the media event to promote the importance of international standards and present the agribusinesses that have successfully completed the certification process with the Project's assistance as examples of sound business practices

**Expected Outcome:** Approximately 20 agribusinesses completing the certification process for selected international quality and safety standards, and thus gaining better positioning at domestic and international market.

**Implementation Period:** March 2011 through September 2011.

**Type of Assistance and Planned Budget:** Grants funds to partially cover the costs of certification in the amount of up to \$100,000, and project activity funds in the amount of \$3,000 for media event.

## COMPONENT 2: IMPROVED ENABLING ENVIRONMENT FOR SERBIAN AGRIBUSINESS

This section of the Workplan outlines programs and activities which will be implemented by the Agribusiness Project in the Year 4, within the Enabling Environment Component to enhance the competitiveness of domestic agricultural and food products and facilitate harmonization of Serbian regulations and practices with the international and EU requirements.

### Objective 2.1: Improve Crop and Livestock Production Estimates and Market Price Information

For efficient operation in domestic and export markets, agricultural producers need better access to timely and reliable information on domestic and regional prices and production variations, supply

and demand in domestic and export markets, specific import requirements, consumer behavior, weather conditions, and the competitive landscape. Currently, the only agriculture market information system (STIPS) is operated by the Ministry of Agriculture and provides weekly prices for fruits and vegetables, meat, livestock, cereals and inputs in the domestic market through several media outlets, such as the television, newspapers and Internet.

**Task 2.1.1: Strengthen the Serbian System of Market Information in Agriculture (STIPS):** The Agribusiness Project will work with the Ministry of Agriculture and selected ABDS provider to expand the market information system in agriculture “STIPS” to include the segment on supply of selected agricultural products (e.g. available quantities, quality, location, time-frame and profile of producers). In this way the system could serve as an adjusted commodity exchange platform, where potential buyers or processors could find reliable information on supply of available agricultural products. Also, since Serbian system is by far one of the most advanced agricultural market information systems in the region, in addition to proving links to the similar systems in the region, STIPS could be modified to pull certain data from the regional systems in order to facilitate comparison of prices within markets in the region. Following the adjustment of system, training for the STIPS reporters would be organized by the selected service provider to facilitate utilization of the additional features of the system.

**Expected Outcome:** The online information on supply and offers for sale of agricultural products enabling increased trade in domestic produce, linking with regional systems and trainings delivered.

**Implementation Period:** December 2010 – March 2011.

**Type of Assistance and Planned Budget:** Project activity in the amount of app. 12,000\$.

**Task 2.1.2: Organize targeted agricultural studies/surveys - Herbal Sector Analysis:** Implementation of the market and resource analysis/survey of the herbal sector for the purpose of designing proposals to change industry-related policies and regulations. The task would encompass exhaustive analysis of national, regional and international (in first EU) legislation within the framework of wild species (flora) collecting, processing, trade, exports and imports. The survey of good collecting practices and *in situ* conservation of biological resources upon sustainable use of resources of wild herbs will result in the study report prepared by the Project consultant to be accessible for members of the national association Serbian Flora, as well as for all parties interested in herbal sector of Serbia. Based on the results of the professional survey the set of documents will be prepared and submitted to the relevant institutions involved in creation of legislation in herbal sector (e.g. Ministry of Environment Protection and Spatial Planning, Institute for Nature Protection, Ministry of Trade and Services, etc). Moreover, advocacy and lobbying for change of legislation framework will be conducted to enhance business environment and business capacity of members of the Serbian Flora association.

**Expected Outcome:** Complete analysis of the herbal sector with following reports prepared: Report on the existing quota system in herbal sector and status of wild herbs resources in Serbia; Analysis of the herbal sector (market trends, legislation and standards, good international practices); Recommendation for the governmental bodies in order to ensure harmonization of national legislation with international practices and facilitate further development of the sector.

**Implementation Period:** January - June 2011.

**Type of Assistance and Planned Budget:** Grant funds in the amount \$7,150.

## **Objective 2.2: Facilitate Legal, Policy, and Regulatory Reform**

**Task 2.2.1: Provide support to legislative and policy reform coordination:** In cooperation with the Ministry of Agriculture, relevant academic, scientific and research institutions and associations, the Agribusiness Project will assist in creation of and provide support to the efforts of working groups/bodies responsible for coordinating and implementing initiatives related to legislative or policy reforms. In particular, the Agribusiness Project will work with agribusinesses, and the Ministry of Agriculture to facilitate dissemination of information related to the existing agricultural support programs, requirements and implications of the food relate laws, e.g. Food Safety Law, Law on Protection of Plant Breeder's Rights, Livestock Law, etc, specific market requirements (e.g. requirements of Russian market for plant products), and other relevant laws or EU related issues by preparing specific documents/publications or analysis. In addition, the task will encompass specific trainings to facilitate implementation of recently adopted laws, via engagement of foreign or domestic STTAs and development of by-laws necessary for implementation.

**Expected Outcome:** Information related to the existing policy programs, requirements and implications of recently adopted agricultural laws disseminated to the public; workshops delivered.

**Implementation Period:** October 2010 – September 2011

**Type of Assistance and Planned Budget:** Project Activity and STTA in the amount of \$10,000

Specific activities under this task will include, inter alia:

### **Activity 2.2.1.1: Presenting findings from the Study on the Impact of International Integrations of Serbia on Agricultural Sector to the agribusiness community**

Presentation of the findings of the Study on the Impact of International Integrations of Serbia on Agricultural Sector resulting from the application of the Stabilization and Association Agreement with EU, accession to the World Trade Organization, application of free trade agreements with Turkey and Belarus prepared in Year 3. The study will consist of general tariff analysis of the liberalization process and its impact, and sector specific detail analysis for 15 products or groups of products where the highest impact is expected. The findings from the study will be presented to the wide public, governmental representatives and agribusinesses at minimum one national conference and several sector specific events/panel discussions. These sector specific events will also be used to present industry views with regard to necessary tariff protection to be maintained under the WTO accession to the Government. The conclusions and recommendations from the study will enable the different stakeholders in the sector to adjust their behavior to the upcoming changes in the sector, and design actions and measures to mitigate potential negative effects of the liberalization process.

**Expected Outcome:** Organization of at least one national conference on the Study to present the expected changes in the sector and recommendations to mitigate negative effects of liberalization to the government and industry representatives.

**Implementation Period:** November 2010 to January 2011.

**Type of Assistance and Planned Budget:** Project activity in the amount of app. 5,000\$.

### **Activity 2.2.1.2: Presenting findings from the Study on Impact of Weather Conditions on Agriculture in Serbia and Modalities of Anti-Hail Protection**

Due to the delay in identifying proper local consultants to fully develop the Study during the Year 3, the completion of the work on the Study is expected during the first quarter of Year 4. The purpose of the Study is to analyze the status of existing system for hail protection (distribution, functioning, equipment, organizational capacities, main problems, impact on the environment, etc)

and provide potential solutions for the improvement of system and evaluation of necessary investments (recommendations for introduction of new technologies, including breakdown of needed technical and technological interventions and action plan for implementation). The study will provide recommendations for establishment of the efficient market driven system of the anti-hail protection, reducing the lost income due to losses in agricultural production, as well as will contribute to the improvement of competitiveness of Serbian agricultural sector. The study will analyze the market failures (information, availability, cost, access to finance, etc) with respect to the existing system for anti-hail protection and propose concrete activities to address the market failures. The findings from the study will be presented to the wide public, governmental representatives and agribusinesses at the national conference.

**Expected Outcome:** Organization of at least one public presentation of the Study for government and industry representatives to share the views and modalities to establish the efficient and market driven system of hail protection.

**Implementation Period:** Completion of the Study is expected by the end of 2010, while organization of the conference is planned for March and April 2011.

**Type of Assistance and Planned Budget:** Project activity in the amount of app. 3,000\$ (in addition to the funds planned for the Study in Year 3).

**Activity 2.2.1.2: Organization of the National Organic Conference:** The national conference on organic food production will be organized under the grant to support national association Serbia Organica. The goal of the National conference is to inform the public on developments in the organic sector of Serbia, by presenting most recent development and results of the sector analysis conducted during 2010. The National conference intends to impact creation of an adequate long-term national policy for the development of the organic production in Serbia. In addition, the conference will provide the opportunity for all relevant stakeholder in the sector to analyze the status of harmonization of the Law on Organic Production with the legislation of the European Union, to review the activities specified in the National Action Plan for development of the organic agriculture, by-laws governing support measures for the organic production in 2011, etc.

**Expected Outcome:** National Organic Conference organized, enabling government and industry representatives to discuss further harmonization of legislation in organic area with EU rules and support measures for the organic production.

**Implementation Period:** Third quarter of Year 4 (April 2011).

**Type of Assistance and Planned Budget:** Grant funds in the amount of \$7,500.

The Project may undergo additional activities related to the policy coordination and development of specific regulations in the areas that affect the selected six value-chains in which the Agribusiness Project operates, if such need is identified during the Year 4 of implementation.

***Task 2.2.2: Support policy implementation:***

The Agribusiness Project will work with the Ministry of Agriculture and industry representatives to ensure that the relevant businesses are properly informed and educated about the requirements of the proposed and adopted agricultural laws and regulations.

**Activity 2.2.2.1: Warehouse Receipts (WHR):** Following the successful implementation of the Law on Public Warehouses for Agricultural Products for grains, and the Agribusiness Project will work with the Ministry of Agriculture and Indemnity Fund to introduce the warehouse receipts

concept for fruits. The assistance will encompass promotion of the system for fruits and implementation of the specialized training programs for fruits producers (depositors), commercial banks and owners of coldstores on the features of the WHR system, study tour to USA or other activities as agreed with the Ministry of Agriculture and Indemnity Fund. The support for establishment of the WHR system will be coordinated with the FAO. In addition, the Project will monitor the operation of the WHR communication center established during the Year 3 under the grant EG-FY-3-36 - Healthy Economy – Promotion of Warehouse Receipts System, and will report on the efficiency of the warehouse receipts system for grains.

**Expected Outcome:** Efficient warehouse receipts system for grains and fruits operated in Serbia.

**Implementation Period:** February to June 2011.

**Type of Assistance and Planned Budget:** Project activity or grant funds in the amount of app. 30,000\$.

**Activity 2.2.2.2: IPA Trainings :** Organization of Trainings in Instruments of the Pre-Accession Assistance (IPA) of the European Union: The tailored training will be designed for the two groups of beneficiaries: 1. potential service provider, including also extension service, cooperatives and rural development network which will disseminate information about available programs and provide professional assistance in designing project proposals; 2. leading sector agribusinesses wishing to gain better understanding of IPA. The trainings will primarily deal with IPARD component of IPA, its objectives, programs, implementation, axes, measures available under different axes, structures and management, as well as capacity building in proposal/project development, eligibility of expenditures, etc. In addition, the trainings will also be used for dissemination of information regarding future developments in agricultural sector with respect to the EU integrations and adoption of common agricultural policy (CAP), including benefits for farmers and agribusinesses gained from the integration.

**Expected outcome:** Set of trainings on IPA developed and organized in cooperation with the Ministry of Agriculture and Guide Book on integration of Serbia to the EU and CAP printed, to enable farmers to become acquainted with the upcoming integrations, change their behavior or make investments necessary to improve their ability to respond to the upcoming changes.

**Implementation period:** October and November 2010 for printing of the Guide Book, while trainings will be organized during the third or fourth quarter of Year 4.

**Type of Assistance and Planned Budget:** Project Activity in the amount of \$20,000 USD.





**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Year Four Annual Workplan**

**October 1, 2010 – September 30, 2011**

**Annex VI – Agribusiness Grant Program**

# Agribusiness Grant Program

## 1. Background and Introduction

As of September 2010, the Agribusiness Project's Grants Review Committee has approved a total of 129 grant proposals in a total amount of US\$ 1.6 million. These grants are in the various stages of implementation, and sixty of them have been successfully completed so far. In addition to the approved grants, there are ten proposals submitted for the grants program for associations, in a total amount of approximately \$350,000, which are currently under review. Current grant expenditure rate is 62.5% of the total obligated funds and 33.3% of the total grant budget of \$3 million.

Based on those results, we may conclude that the last year's revisions in the grants program have attracted significant interest and number of grant applications. Accordingly, the grants program will continue to expend in the areas where the grant funds may find the best use, as to facilitate market-driven investments of the value-chain stakeholders in production, marketing, food safety and quality, as well as further improvement of services of ABDS providers and capacity building of the producer organizations.

Nevertheless, we may expect that the grants program will continue to face the challenges with the ongoing financial crises in Serbia and an unfavorable business environment for new investments (high interest rates, lack of specific credit programs for agribusinesses, reduced GOS subsidies and support for agribusinesses, etc.). These issues will have direct impact on the grants actual disbursement rate. Therefore, an additional assistance will be provided to the grantees in the process of preparing their reimbursement schedules, while a close grants monitoring system should be in place throughout next year to prevent the situations where the obligated grant funds are not disbursed according to the schedule.

As advised in the Task Order, the Agribusiness Project should update the Grants Manual no less frequently than annually. However, the grant activities planned for Year Four will not require further revisions in the Grants Manual, thus the current version of the Grants Manual is included as an annex to this work plan.

## 2. Grants Program in Year Four

In Year Four, the Agribusiness Project plans to obligate all the remaining grant funds (i.e. US\$ 1.1 million) to support grant activities emerging from this work plan, in the period October 1, 2010 – September 30, 2011. The grant funds will be allocated for the following specific activities:

- **Grants for Marketing & Promotional Activities:** Over the course of previous three years of implementation, and as more and more client companies became involved in marketing their products domestically and internationally, it became evident that the Agribusiness Project should continue to assist client companies to improve their domestic and international competitiveness by upgrading the quality and image of their products and promotional materials. Last year, the Project designed a grant program specifically tailored to the needs of these companies, which will be repeated in Year Four, with certain changes. The main objective of the program remains to be improvement of competitiveness through the provision of matching funds to allow the client companies to engage professional service providers (e.g. design and marketing agencies) for the re-design of packaging, labeling, logos and other promotional and marketing materials. The Project will provide these companies with 50% of the total cost of these services, up to a total grant amount of no more than \$25,000. The grant

funds will be available to the limited number of companies from the six sectors where use of the grant funds will have to be strongly justified by each grant applicant. The Agribusiness Project will develop specific eligibility criteria for grant recipients as to assure that the grant funds are used by the firms that really need our assistance. The selected grant recipients would use these funds for the design of new packaging for various purposes (e.g. shifting from bulk to retail, new markets, etc.); the design of marketing material for both export and domestic markets (e.g. catalogues, leaflets, and promotional materials), as well as for the design of the company's visual identity (product logos and labeling). As part of this program the companies will also undertake other activities that will significantly advance their marketing capabilities and allow them to take advantage of emerging opportunities in domestic, regional, and international markets. The Agribusiness Project will provide a complementary technical assistance and education to the grant applicants and their service providers. This grants sub-program will be launched in the first quarter of Year Four through a public RFA, which will be published in the newspapers and at the Project's web site. The total estimated grant budget for this activity amounts US\$ 400,000.

- **Youth Enterprise Grants Program:** This year, the Agribusiness Project will launch two rounds of competition for the original business ideas created by young entrepreneurs i.e. Youth Business Plan Competition. Likewise previous years, the most promising applications will be selected to receive individual technical assistance and mentoring by the teachers and professors who passed the Junior Achievement Serbia entrepreneurship training program, to develop detailed business and investment plans. The Agribusiness Project's Review Panel will select approximately ten winning business plans in each round, and each winning business plan will receive a start-up grant in the amount of US\$15,000. In this category grants may finance up to 100% of the total required investment. The Agribusiness Project will explore opportunities for leveraging Youth Enterprise Grant funds with the funds provided by Serbia National Employment Agency, National Investment Plan, etc. Whenever possible, the Agribusiness Project will award youth enterprise grants as to contribute to the competitiveness of the selected sectors. So far, two rounds of the Youth Business Plan Competition have been completed and the third round is planned for October 2010, while the fourth (last) round is planned for May 2011. The Agribusiness Project has allocated a total of US\$ 250,000 for both rounds of the Youth Business Plan Competition.
- **Grants to Support Women Entrepreneurship in Agribusiness:** The Agribusiness Project has allocated provisional funds in the amount of US\$300,000 to fund a comprehensive grants program supporting business women involved in agribusiness, in the rural areas of Serbia, focused on improving their skills and knowledge, as well as providing the start-up grant funds for the best agribusiness ideas. The program is designed to be implemented in two phases in the four regions of Serbia. In the first phase, which is currently being implemented, the Agribusiness Project has awarded grants to Serbian non-governmental organizations: Association of Business Women from Nis, Center for Entrepreneurship from Kragujevac, and Economics Institute, XAOSolutions and Be Your Own Boss, all from Belgrade, to design and implant the training program. Upon completion of the training program in March 2011, and in the second phase, the Agribusiness Project will award a limited number of start-up grants for the best business plans developed during the training program by participating women; each start-up grant award shall not exceed US\$15,000 in amount. In addition, the USAID Agribusiness Project will further assist the participating women, with the most promising business plans, to take advantage of emerging opportunities in domestic, regional and international markets, and provide other technical assistance available to the other benefiting agriculture-related firms participating in the Agribusiness Project-supported activities. This grants sub-program will be launched in the second quarter of Year Four through a limited competition (i.e. the grant funds

will be available only to those women participating in the training program); the total estimated grant budget for this activity amounts US\$ 150,000.

- **Grants for Introduction of International Food Safety & Quality Standards:** The value-chain assessments revealed that one of the major weaknesses among the companies in the selected sectors that limit their competitiveness at the international markets is the lack of international food safety and quality standards. Therefore, the Project plans to continue to support Serbian agribusinesses' compliance with the international food safety and quality standards. The grants will be available to the agriculture-related firms and producer organizations in the selected sub-sectors for introduction of all internationally recognized food safety and quality standards such as ISO 14001, ISO 22000, GlobalGAP, IFS, etc. Likewise the last year, the grants will be awarded on a competitive basis through a transparent application process, and in accordance with the specific criteria developed by the Ag Info & Policy Specialist, who will provide advisory and an overall coordination of this activity. In Year Four, the grant funds will be available for certification only, and to a limited number of agribusinesses (up to 25) using the system "first come-first served." The Agribusiness Project will cover 70% of the total costs for certification services. This grants sub-program will be launched in the third quarter of Year Four, and upon completion of the current grants for international food safety and quality standards. The total estimated grant budget for this activity amounts US\$ 100,000. The Agribusiness Project will continue to coordinate implementation of this grants sub-program with other donors and the Ministry of Agriculture.
- **Grants for Associations of Agribusinesses:** In Year Three, the Agribusiness Project launched the grants program for producer organizations. These grants were designed to improve management and operational capacity of the producer organizations. As for the specific activities, these grants should support creation and capacity building of the targeted food industry associations and producer organizations to provide general benefit services. These associations and organizations can be at a national level, or at a regional level, depending on the concentration of the industry in the region and the activities performed by the association. The grants target the associations in the project's selected agriculture sub-sectors where there is strong commitment from the private sector stakeholders. In Year Four, the Agribusiness Project plans to provide the follow-up grants to the most successful grant-awarded associations. The follow-up grant funds will be allocated in support of continuation of the association members' joint activities in the following areas: marketing and promotion, product development, product quality development, technology transfer, joint ventures and investments, lobbying and advocacy to change industry-related policies and regulations, and capacity building of association and members. This grants sub-program will be launched in the third quarter of Year Four, and upon completion of the current grants for associations. The total estimated grant budget for this activity amounts US\$ 200,000 and the grants will be awarded through the limited competition whereby the follow-up grant funds will be available only to the producer organizations whose original grants are successfully completed.

In addition to the above-mentioned categories, the Agribusiness Project will remain flexible and open to new ideas and unsolicited proposals for activities that have the ability to significantly advance a sector, sub-sector, or enterprise cluster from one stage of competitive development to another. Such grant proposals must clearly demonstrate a unique and innovative capability, while the grant funds will be used to support a public purpose within the existing Agribusiness Project strategic objective. However, no grant shall exceed \$100,000 in amount or finance more than 70% of the total required investment; and it should be fully disbursed within one year of award. Eligible grant recipients include for-profit and not-for-profit, non-governmental organizations in Serbia, whose activities contribute to a sub-sector development, and to the improvement of agribusiness

enabling environment; such activities may include cleaner production, further expansion at the halal-market, access to new technologies, etc.

### **3. Grant Terms**

Eligibility requirements for all potential grantees include formal registration of the organization in accordance with Serbian law, basic financial statements (an active and functional, unencumbered bank account), and an organizational mission that serves a public or quasi-public purpose or multiple beneficiaries. Grant recipients must be (Serbian) Non-U.S., Non-Governmental organizations, both for-profit and non-for-profit, with no less than 51% domestic ownership whose proposed grant activities are consistent with the objectives of the USAID Agribusiness Project and contribute to Project's results.

Also, the grant recipients business operations and assets must be environmentally sound, and designed to operate in compliance with all applicable national, provincial and local environmental laws, standards and other regulatory requirements; not restricted or prohibited by international environmental agreements.

The principal criteria for grant award will be the expected quantitative and qualitative results that will contribute directly and substantially to increased competitiveness of the sector, sub-sector or value chain as distinguished from generating financial benefits that inure solely or primarily to the recipient of the grant. Within this context, the grant applicants are expected to provide reasonable estimates of increased sales, exports and employment generated compared with total cost.

USAID Agribusiness Project shall not award any grant that exceeds US\$ 100,000 or for a period that extends beyond the estimated completion date of the USAID Agribusiness Project. The terms of all grants shall allow for an orderly close-out prior to the end of USAID Agribusiness Project i.e. September 1, 2012.

Grants will be structured, timely, quantified, and used in combination with and in order to leverage other financial resources, including cost-sharing with grantee funds and in-kind contributions. It is usually expected that the grantee will make some contribution to the activity for which they are seeking funding. This can be either in-kind (such as labor and materials) or cash. The purpose of the matching requirement is to leverage additional resources towards achieving the program's objectives and to give the grantee a stake in the outcome of the activity. Whenever the goal of a grant is provision of public goods, the matching contribution (a cost-share by the grant recipients) shall not be required; otherwise, the grant recipients will be required to provide 30% of matching funds at minimum, in-kind and/or cash for particular grant activity.

Cost-sharing or matching refers to that portion of project or program costs not borne by the USAID Agribusiness Project. All contributions, including cash and in-kind contributions, are accepted as part of the recipient's cost-sharing or matching when they meet the criteria established in the standard provision governing recipient contributions. Grant cost-sharing must be in conformance with applicable USAID guidance: specifically, the Required as Applicable Standard Provision entitled "Cost Sharing." It is USAID's policy not to apply its source, origin, and nationality requirements or the "restricted goods" provision established in the Standard Provision entitled "USAID Eligibility Rules for Goods and Services" on cost-sharing amounts. In accordance with 22 CFR 226.24, program income may be used to finance the required cost-share portion of the grant award.

The following specific eligibility criteria shall apply to all potential grantees, with the exception to the youth enterprises:

- A sub-sector value chain actor(s) registered under Serbian law, and
- Demonstrated experience or capacity in the market- linkage capacity building or related activities or show evidence of institutional capability in the above said area, and/or
- Ability to obtain the necessary management competence in planning and carrying out assistance program, and/or
- Be an organization capable to practice cost sharing (matching) principle in cash or in-kind.

Single agriculture producer i.e. a small farmer, individuals, political organizations, foreign-owned and government institutions, and religious groups are not eligible for grants under the USAID Agribusiness Project without prior approval of USAID. Also ineligible are private agribusinesses and Non-Governmental organizations whose objectives are not consistent with the objectives of USAID Agribusiness Project that would be recommending the grant for approval.

All grantees will be required to sign the following certificates:

- Certification Regarding Anti-Terrorism Financing
- Certification Regarding Debarment, Suspension and Other Responsibility Matters
- Certification Regarding Drug-Free Workplace Requirements
- Anti-Trafficking Activities

Support of international travel or the purchase of equipment having a useful life over one year and an acquisition cost of \$5,000 or more may be authorized as long as the applicable grant type and its applicable Standard Provisions will allow.

Commodities and services procured under the USAID Agribusiness Project must be procured in accordance with the following order of preference:

- (1) The United States (USAID Geographic Code 000)
- (2) Serbia, and then
- (3) A SEED or EU Country (USAID Geographic Code 935)

The procurement of non-U.S. commodities or services must be documented to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement, as well as the reasons justifying the non-U.S. procurement.

USAID Agribusiness Project will follow the provisions of the Initial Environmental Examination (IEE) ensuring that all requirements of the environmental regulations as described in 22 CFR 216 are satisfied prior to a grant award. USAID Agribusiness Project Environmental Specialist shall conduct environmental due diligence as specified in the IEE for all activities not categorically excluded, implement appropriate mitigating actions, and conduct adequate monitoring to ensure environmental concerns are addressed. Specifically, the Environmental Specialist shall conduct environmental compliance, review, and due diligence for the grants program, and farmer and enterprise training on environmental issues. Areas of responsibility will include Environmental Due Diligence (EDD), Pollution Prevention Assessments (PPA) related to clean production, the preparation and implementation of a Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP), and certifications (HACCP, ISO, GAP, etc.).

#### **4. Selection and Approval Procedures**

All grant applications will be solicited as follows:

- Applications solicited through public notification for a specified program or support activity;
- Applications solicited directly from selected potential grantees (NGOs, etc.) for a specific activity; and
- Unsolicited applications.

Grants may be awarded on both a solicited and unsolicited basis. In order to meet minimum eligibility criteria for grant competition, grant proposals must:

- Meet at least one of the USAID Agribusiness Project objectives and principles and the project-level indicators provided in the Performance Monitoring Plan.;
- Contain expected outcomes and results consistent with and linked to USAID Agribusiness Project's objectives;
- Be submitted by a Serbian organization (both for-profit and non-profit that is registered under Serbian law);
- Contain evidence of a significant cost share commitment in most, but not all cases.

USAID Agribusiness Project staff will screen all concept papers and applications to ensure compliance with all eligibility requirements prior to forwarding the materials to USAID/CTO for final approval.

Grant applications that meet minimum eligibility criteria above will be reviewed and awarded based, but not limited to the following selection criteria:

- Demonstrated capacity of organization, including sound financial practice, in areas pertaining to the proposed activity;
- Responsiveness to need;
- Potential for impact;
- Demonstrated likelihood of proposed activity to further project objectives;
- Appropriateness and feasibility of project activities within the proposed timeframe and budget.

All grant applications will undergo a review and selection process by the USAID Agribusiness Project Grants Review Committee to ensure objective and effective evaluation of proposals. The Review Committees will be convened bi-weekly or as necessary. The Committee members will consist of a USAID Cognizant Technical Officer designated for this activity, the Chief of Party, the Operation Director and/or the Deputy Chief of Party, the Grants Manager (a non-voting member), and at least one of the USAID Agribusiness Project's Technical Advisors/Specialists i.e. Grant Advisor, preferably involved in the sub-sector assisted by a reviewed grant. USAID must provide a 'no objection' to each grant. The Committee will make a determination of responsibility of the grantee which includes a determination of their financial, management responsibility and feasibility of the proposed activities and showing the total attribution that will inure to the sector.

The Grants Manager's responsibility is to provide all needed background information and written instructions, including the evaluation criteria, to the individuals participating in the Committee; and to generate a Grant Committee Review Record that summarizes selection and approval process.

The Grants Manager must also ensure that all of the rules and regulations in the approved Grants Manual are carried out in all phases of the grant award process. The Grants Manager and/or a Grant Advisor must also respond to any requests made by the Committee for additional information, further studies, etc.

The Committee shall:

- a) Review and approve the grant proposal
- b) Review and ask changes and amendments to be made
- c) Reject the grant proposal in whole after reviewing

In the cases a) and b) and after the necessary changes and amendments are done; Grants Manager will resubmit the grant proposal to the Chief of Party for approval. Once the grant proposal is approved, Grants Manager generates an appropriate grant agreement to be reviewed and signed by the Chief of Party.

By signing the grant agreement, the Chief of Party shall confirm:

- That all budgeted costs have been verified as allowable, allocable and reasonable.
- That the implementation plan and detailed benchmarks and disbursement schedule are complete, realistic and accurate.

## **5. Procedures for Award and Disbursal**

All grants are issued on a cost-reimbursable basis, except the Youth Grants. Further procedures for grants award and disbursal are set forth in the Grants Manual. USAID must provide ‘no objection’ to each grant award.

## **6. Monitoring and Reporting**

All grantees will be subject to regular and periodic monitoring visits and reporting requirements. Grants under implementation will have a customized monitoring plan when deemed necessary by program staff. This plan will be flexible and dictated internally by the amount, length and complexity of the grant, as well as accessibility of the grantee’s location.

Grants Program Report will be submitted with the required quarterly and annual program reports summarizing the grant amount disbursed within the reporting period, number of people employed (data segregated by gender) prior and ante, increased sales, number of POs as recipients, as well as other relevant indicators within the Performance Monitoring Plan as collected through the Quarterly Impact Surveys and the Annual Survey. Grants Manger and MIS Specialist will assure a day-to-day grants program update in the TAMIS.





**USAID Serbia  
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# **USAID Serbia Agribusiness Project**

## **Year Four Annual Workplan**

**October 1, 2010 – September 30, 2011**

**Annex VII – Project Communications Plan**

# Project Communications Plan

## Introduction

The role of Communications is to support the achievement of overall Project goals. Having in mind the fact that the project is entering in the ‘phase out’ process and starting to implement the ‘exit’ strategy, Communications activities in Year Four will be implemented accordingly.

Mirroring overall project approach to activities in final two years, Communications will focus on transferring the knowledge and contacts gained to local stakeholders and partners. The goal is to assist them to take over the activities and be able to successfully continue with their implementation even after the Project closes.

Internally, more attention will be paid to taking full advantage of the USAID/US Embassy relations, to the project staff and project clients’ benefit. (4<sup>th</sup> of July celebration, US Residence hosted stakeholder events etc)

## AREAS OF ACTIVITY

1. Sub-sector and cross-cutting project activity support
2. Overall project public image/reputation maintenance and upgrade
3. Web site maintenance and upgrade
4. Embassy/USAID relations
5. Internal communications

### 1. Sub-sector and cross-cutting project activity support

Main goal of Communications Advisor is to support sub-sector and cross-cutting project (core business) activities. Depending on the activities planned by Sector Leads and Cross-cutting Specialists, Communications Advisor will provide support, mostly related to event management and media relations.

- a) **Youth Program** will be supported in the Year Four through extensive media campaign to announce the new round of competition and promote winners of the Best Youth Business Plan competition.

**Timeframe:** October (announcement), May (presentation of certificates), July-September (promotion of winners who have received a ‘tangible’ assistance)

**Type of support:** Media relations, Event management

**Target group:** general population, agricultural media, general media, Ministry of Agriculture

**Expected outcome:** Raised awareness of the Competition, Youth program and overall Agbiz project activities; Creation of media interest in winners and their promotion as successful role models for other young agricultural entrepreneurs; Continued successful cooperation with Ministry of Agriculture and their willingness to participate in future joint promotion of issues of interest to both parties

**Budget:** within the Program’s (grant) budget

- b) **Gender Program** - will be supported in the Year Four through extensive media campaign to announce the beginning of Grants to facilitate Women Entrepreneurship Program, and to

promote winners of the Best Women Business Plan competition (in the second phase of the Grants' program) - Activity 1. Furthermore, Gender Program will engage in supporting an organization of The Third Women Entrepreneurship Conference (organized by network of regional chambers of commerce and women's associations) - Activity 2.

**Timeframe:** Activity 1 - September (announcement - Grants Program), May/June (promotion of winners of start-up credits)

Activity 2 - November (announcement of the Conference and presentation of the Gender program during the conference)

**Type of support:** Media relations, Event management

**Target Group:** general population, agricultural media, general media, Ministry of Agriculture

**Expected outcome: Activity 1** - Raised awareness of importance of involvement of women in agribusiness; Raised awareness of the Gender program and overall Agbiz project activities; Creation of media interest in winners and their promotion as role models. **Activity 2** - Raised awareness of women entrepreneurs' capacities, in agribusiness as well as in other businesses; Raised awareness of the Gender program and overall Agbiz project activities

**Budget:** within the Program's (grant) budget

- c) **Overall Grants program** will be supported through advice and guidelines for project grant recipients regarding USAID branding requirements and use of logo on the materials produced with USAID funding. Furthermore, an event will be organized to mark the end of the International Standards Grants Program - Activity 2

**Timeframe:** throughout the year; for Activity 2: May/June 2011

**Type of support:** Transfer of knowledge and expertise; event management and media relations (Activity 2)

**Target group:** project clients - grant recipients; general population, agricultural media, general media, Ministry of Agriculture

**Expected outcome:** Branding guidelines and policies respected and implemented on all promotional materials produced by project clients; Project clients following the USAID policies and using the USAID logo in a proper manner; for Activity 2: Raised awareness of the Project's Grant Program and its results regarding international standards implementation and certification

**Budget:** not needed if Activity 2 is covered from the Admin budget

- d) **Policy Specialist** will be supported through organization of professional public and media dedicated events on key agriculture related issues.

**Timeframe:** November 2010 (presenting the findings of the Study on the impact of International Integration of Serbia on Agricultural Sector); February/March 2011 (presenting the findings of the Study on Impact of Weather Conditions on Agriculture in Serbia and Modalities of Anti-Hail Protection)

**Type of support:** Event management, media relations

**Target group:** professional bodies/organizations/associations, project clients and other interested companies, agricultural media, general media, Ministry of Agriculture and other stakeholders

**Expected outcome:** Raised awareness of the agricultural related issue in question and overall Agbiz project activities; Raised knowledge of the present situation regarding the issue, obstacles for progress and recommended course of further action; Creation of media interest in the issue and initiating a public pressure on key stakeholders to solve the problem

**Budget:** within the Policy' Specialist budget

- e) **Producer organizations Specialist** will be supported through direct assistance to associations (project clients) in the area of communications and through assistance in selection of the right trainings and lecturers for workshops to be held for project clients (again regarding the public relations). NOTE: In order to assist associations and cooperatives with the promotion of their work (while at the same time promoting the Agbiz project support), National (like RTS and Fox) media representatives should be included in the group traveling on study tours, anticipated within the PO's work plan.

**Timeframe:** throughout the year

**Type of support:** Transfer of Communications expertise, media relations

**Target group:** producer organizations, agricultural media, Ministry of Agriculture

**Expected outcome:** Communications Advisor involved in PR activities of project clients (in example - joint preparation of Press Releases, preparations/coordination for events and media interviews); strengthened clients' capacity in the field of media relations (traditional and new, social media; local and foreign trade fairs media) and communications in general (government relations, lobbying, event management, publicity etc); successful implementation of grants for Associations (communications related part - organization of a National Conferences, Media campaigns etc)

**Budget:** within the PO budget; NOTE: Expenses for 4 people (2 journalists and 2 cameramen) should be included in the PO budget for study tours.

- f) **Marketing** sector will be supported by coordination of activities related to design and purchase of advertising space in trade fair related magazines, in preparation for key project selected international fairs. In addition, annual subscription to FoodNews will provide us with a channel for promotion of the Project to foreign buyers through placement of PR articles and News Releases produced by the project.

**Timeframe:** October (SIAL), January, February (Fruitlogistica and Biofach), June (Fancy Food Fair), September (Culinaria and Moscow)

**Type of support:** advertizing, media relations (announcing participation at fairs and promoting results achieved)

**Target group:** general population, agricultural media, international media, general media

**Expected outcome:** General public aware of participation of project clients at selected international fairs and results achieved; continued cooperation with SIEPA on joint promotion of Serbian companies/sales abroad; raised awareness of the Culinaria fair in Belgrade

**Budget:** \$ 8,000 (breakdown: \$3,500 - design and renting of advertising space for Eurofruit magazine - January edition; \$2,000 - annual FoodNews subscription - February; \$2,500 - design and renting of advertising space in FoodNews magazine to promote Culinaria - May)

- g) **Vegetable sector** will be supported by assistance in organization of the regional conference in East Serbia, where results of the study "Potentials of Timok region for the development of vegetable sector" will be presented

**Timeframe:** November

**Type of support:** Event management, media relations (for lower profile seminars and workshops throughout the year)

**Target group:** general population, agricultural media, general media, potential project clients, municipalities in the region, Ministry of agriculture

**Expected outcome:** Raised awareness of the agricultural potentials of the region; increased knowledge on available resources in the region and increased networking among relevant stakeholders

**Budget:** within the sector's budget

- h) **Tree fruit sector** will be supported by assistance in organization of the conference on modern cherry and sour cherry production (organized by Agriculture faculty in Zemun) - Activity 1; Furthermore, depending on successful registration of SmartFresh, assistance will be provided for the promotion of the registration and of trainings which will be organized with the company representing SmartFresh in Serbia - Activity 2.

**Timeframe:** Activity 1 - February 2011; Activity 2 - July/August 2011

**Type of support:** Event management, Media relations, branding guidelines

**Target group:** general population, agricultural media, general media, potential and current project clients, Ministry of agriculture

**Expected outcome:** Increased knowledge on new technologies in the cherry production and on SmartFresh technology; Raised awareness of USAID activities in this sector; networking among relevant stakeholders

**Budget:** within the sector's budget

- i) **Berries sector** will be supported by assistance in organization of the conference dedicated to promotion of Serbia entering UPOV, if this happens in the Year Four - Activity 1; Furthermore, support will be provided in organizing media coverage for various trainings to be organized within this sector's activities - Activity 2.

**Timeframe:** Activity 1 - April/May/June 2011; Activity 2 - throughout the year

**Type of support:** Event management, Media relations

**Target group:** general population, agricultural media, general media, potential and current project clients, Ministry of agriculture

**Expected outcome:** Increased awareness of the fact that Serbia became an UPOV member and its impact on the agricultural sector; Increased knowledge on new plant breeds and varieties and procedures on how to introduce them; Raised awareness of USAID Agribusiness project activities in this sector

**Budget:** within the sector's budget

- j) Dairy sector will be supported by Conference with European Dairy Association "EU dairy policy, food safety standards and IPARD funds" - October/November 2010

5<sup>th</sup> Global Dairy Congress - April 2011

School Milk Program and/or Three a day campaign - year round

- Regional training centers/programs in Sabac, Blace and Zrenjanin

**Timeframe:** Activity 1 - April/May/June 2011; Activity 2 - throughout the year

**Type of support:** Event management, Media relations

**Target group:** general population, agricultural media, general media, potential and current project clients, Ministry of agriculture

**Expected outcome:** Increased awareness of the fact that Serbia became an UPOV member and its impact on the agricultural sector; Increased knowledge on new plant breeds and varieties and procedures on how to introduce them; Raised awareness of USAID Agribusiness project activities in this sector

**Budget:** within the sector's budget

- k) **Mushrooms and herbs sector** will be supported by assistance in organization of the conferences dedicated to presentation of results of the two studies to be organized (regarding industry related policies and regulations and regarding the level of presence of heavy metals in soil and mushrooms) - Activity 1; Furthermore, support will be provided to the 'dr Jovan Tucakov' Association for their promotional campaign at the Festival of Medicinal and Aromatic

Plants in Belgrade - Activity 2; Additionally, assistance will be provided to Srboflora regarding advertisement in the international journal of their choosing - Activity 3.

**Timeframe:** Activity 1 - April/May/June 2011; Activity 2 - October 2010; Activity 3 - March 2011

**Type of support:** Event management, Media relations, branding guidelines

**Target group:** general population, agricultural media, general media, foreign media, potential and current project clients, Ministry of agriculture

**Expected outcome:** Increased media relations and event management capacities of Srboflora and dr Jovan Tucakov associations; Increased awareness of Srboflora and dr Jovan Tucakov activities; Raised awareness of USAID activities in this sector; Raised knowledge of the present situation regarding the sector issue being studied, obstacles for progress and recommended course of further action; Creation of media interest in the issue and initiating a public pressure on key stakeholders to solve the problem

**Budget:** within the sector's and grants' budget

## 1) Environment program

## 2. Overall project public image/reputation maintenance and upgrade

a) Media field trips: Good cooperation and understanding established between the Project and media covering project activities - is very important for creation and maintenance of desired project's public image and its reputation. Media have the power to paint this public image and they can influence to a large extent the overall project reputation among the general population (public). This is why great effort will be placed on media relations in the Year Four.

As it was determined in everyday contacts throughout the Year Three, journalists often complain about the lack of field (out of office and out of Belgrade) stories. Agribusiness is by nature an 'outdoor' focused activity and stories 'from the field' are more appealing to media in their portrayal of what we do. At the same time journalists complained about the lack of funds for the field visits.

In order to address this 'deficiency' existing in the area of project's media relations and in order to strengthen the relationship established with key target media, Media field trips will be organized in Year Four, twice a year (spring and fall).

Upon determining the region of interest (potentially: south Serbia and Vojvodina), a group of selected media representatives will be taken on a small study tour - to visit some of our key clients in the region and to find out first hand about the kind of assistance we provide.

These media visits will, at the same time, benefit our project clients, and provide them with the opportunity to establish direct contact with their target journalists, for future cooperation and promotion of their activities. It will also be an educational experience for project clients - to hear from media representatives directly what kind of information they need to write stories (what is newsworthy).

**Timeframe:** April/May and August/September 2011

**Type of activity:** Selection of target reporters, organization of transport to selected project sites, lunch and overall coordination

**Target group:** selected agricultural media (Moja farma, Agropress, Poljopartner); general media (Politika, Vecernje Novosti, RTS, TV Fox, RTV); project clients

**Expected outcome:** Increased knowledge of media reps on what we do and what the project results are; Increased coverage of project's future activities; Increased coverage of project clients' activities and number of human interest stories picked up and written by media; Established direct link between media and project clients (transformational change!)

**Overall media relations budget: \$1,900** (Breakdown: \$1,000 for two media field trips; \$500 for annual media monitoring and press clipping; \$400 for annual subscriptions to Economist magazine and Moja farma news)

NOTE: In Year Four, every effort will be made to ensure participation of journalists at foreign fairs/study tours supported by the Project. Only selected reporters from national media (RTS, TV Fox) will be offered this opportunity, which will ensure additional (prolonged) media coverage for project activities abroad.

b) Media (and project clients) capacity building - In order to assist agricultural media in dissemination of news and education of target population, in Year Four efforts will be made to assist in media capacity building. In addition, project clients' skills in the area of media relations and communications also need to be strengthened.

Two separate approaches will be implemented: IREX will be contacted to explore the possibility of including agricultural journalists in IREX's (social) media trainings. On the other side, a STTA will be sought to provide training on new media to selected key journalists. If possible, the same STTA will be conducting (separate) trainings for journalists and for associations - project clients (on media relations in general, as well as on other communications segments - as mentioned above, under 1.e)

**Timeframe:** June 2011

**Type of activity:** Selection of target reporters, preparation of TOR and selection of STTA, renting of space and coordination of training

**Target group:** selected agricultural media (Moja farma, Agropress, Poljopartner); general media (Politika, Vecernje Novosti, RTS, TV Fox, RTV)

**Expected outcome:** Increased knowledge of media reps on how to use new media, their potential and how to write for new media; Increased coverage of project's future activities; Strengthened clients' capacity in the field of communications and media relations (as mentioned under 1.e)

**Overall media (relations) related capacity building budget: \$4,800** (Breakdown: \$3,600 for international STTA - up to 6 days of engagement, focusing on new (social) media training; \$1,200 for local STTA - up to 6 days of engagement, focusing on local media relations and communications training)

### 3. Web site maintenance and upgrade

In Year Four Project web site will continue to be maintained and upgraded. Following updates/upgrades are envisaged to be implemented in the Year Four:

- Environment page to be added, with contact and a separate section in the Resources page
- Regular updates will be continued (new RFPs announced, News and Calendar of Events pages maintained, as well as Media page; Resources page will be filled with new project-produced or other relevant materials etc)

**Timeframe:** Throughout the year

**Type of activity:** uploading new materials/information through the Content Management System (CMS), preparing and coordinating upgrades with the (external) webmaster

**Target group:** general public, potential and current project clients, Ministry of agriculture, USAID, media reps and other stakeholders

**Expected outcome:** Increased number of (new) unique visitors and steady number of returning visitors; web site remains an important source of Project related information for all the interested stakeholders

**Budget:** \$500 (for web site upgrades, beyond changes which can be made within the CMS, which are no-cost)

#### 4. Embassy/USAID relations

It is perceived that the Project is not fully taking advantage of the liaison with USAID country office and US Embassy, and the opportunities this liaison offers.

a) In the Year Four, efforts will be made to strengthen the relations with these important stakeholders by actively participating in all (joint) USAID-initiated activities and projects:

- Fast Facts newsletter - the Project will continue to provide inputs for the newsletter and promote it on the Project web site
- USAID Media/Public Relations Competence Group: Communications Advisor will continue to play an active role in the meetings of this group, sharing information with colleagues from other projects and gathering info on new/upcoming USAID related developments/project (example: arrival of the new Ambassador and new USAID Mission Director; USAID Bulletin printed in Blic Daily etc.)
- Chief of party meetings: Project CoP will continue to play an active role in the meetings of this group

**Timeframe:** Throughout the year

**Type of activity:** attending and hosting joint USAID projects' meetings, writing and submitting articles and info for Fast Facts, updating Project web site with the latest issue of the Fast Facts

**Target group:** USAID, US Embassy, other USAID funded projects

**Expected outcome:** USAID and Embassy satisfied with Project cooperation/participation in joint activities and projects

**Budget:** not needed (no cost)

b) Additionally, efforts will be made to extend the number of Project guests at important Embassy events (examples: 4<sup>th</sup> of July celebration, Official Residence-hosted events etc). In this way two target publics will benefit: Staff will feel more included in the overall US hosted events and this would also be a good way to 'reward' key Project clients and stakeholders (Ministry of agriculture for example) for their successful cooperation with the Project.

**Timeframe:** May/June 2011 and throughout the year (for Residence hosted events)

**Type of activity:** ensuring (through Communications section contacts) that the project is able to invite a higher number of staff members and project clients to this kind of events; initiating and coordinating Ambassador-hosted (at the Official Residence ) receptions/dinners/lunches for key Project stakeholders

**Target group:** USAID, US Embassy, key Project staff, key Project clients & stakeholders

**Expected outcome:** Project sector leads and cross-cutting specialists invited to attend key Embassy/USAID events; Increased number of project clients (3 per each sector/cross-cutting topic) invited to attend key Embassy/USAID events; Increased project's key staff' sense of belonging/being part of something bigger; Increased appreciation of project clients/stakeholders - of their relationship with the Project

**Budget:** \$2,500 (\$500 per event, approx. 5 events)

c) When it comes to USAID visibility and branding policy, all documents, presentations, materials etc. produced by the Project and aimed at external use - in the Year Four will (continue to) respect the USAID branding requirements (guidelines and policies).

**Timeframe:** throughout the year

**Type of support:** Transfer of knowledge and expertise regarding visibility and USAID branding policy

**Target group:** project clients - grant recipients; USAID

**Expected outcome:** USAID satisfied with its visibility on materials produced by Agbiz project clients; Branding guidelines and policies respected and implemented on all promotional materials produced by the Project and by project clients; Project clients following the USAID policies and using the USAID logo in a proper manner.

**Budget:** not needed (no cost)

## 5. Internal communications

In Year Four, efforts will be placed on improvement of employee relations and organizational culture. In order to maintain continuous flow of information, Staff meetings will continue to be organized on a weekly basis, and all interested employees will continue to receive Daily news (originating from the Press Clipping Service the Project has engaged). Annual team retreat will be organized, in coordination with the Project Office Manager and the tradition of organizing the Project' team Christmas party will also be maintained.

In addition to activities organized before, an (online) Employee satisfaction survey could be implemented, to find out where (if any) communications problems are. The survey would also include recommendations for further improvements regarding employee relations.

**Timeframe:** throughout the year

**Type of support:** Transfer of knowledge and expertise regarding internal PR

**Target group:** Project staff, Project management

**Expected outcome:** Project staff satisfied with their working conditions, organizational climate, team spirit, flow of information; Project management informed on existing and potential problems and provided with recommendations on how to resolve them

**Budget:** not needed (no cost)



**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Year Four Annual Workplan**

**October 1, 2010 – September 30, 2011**

**Annex IX – Sub-Plans as per Modification 5**

# Sub-Plans as per Modification 5

## Introduction

This Annex to the Agribusiness Project’s Year Four Workplan includes the documents required by the terms of the Task Order Modification No 5, dated September 24, 2010. These Sub-Plans are expanded descriptions of activities and events that were already included in the Cross-Cutting function workplans for Year Four, which were submitted to the USAID Mission on September 15, 2010. These Sub-Plans will provide the Mission with additional details regarding the planning and implementation of these particular Project components, as well as more details regarding the scheduling of the events and activities.

The main changes to the program included in this particular modification included an increased emphasis on assisting firms in Southern Serbia, and a series of “Sub-Plans” which covered some of the specific activities that were the purpose of the modification. This document will include an introductory section which will summarize how the Project will expand its activities in the south, and six individual Sub-Plans covering the six tasks included in the Modification.

The specific text included in the Modification document regarding the expansion of activities in Southern Serbia, the tasks to be undertaken for the Sub-Plans, are as follows:

***Expand Project Activities in Southern Serbia.*** *The Contractor will utilize long-term technical assistance with marketing expertise to focus attention on requirements in southern Serbia. Senior management will visit regions in the south on a regular basis, keep the offices in the region informed of their travel plans, and coordinate their visits with these offices where needed. As the Activity uses the services of expatriate and local consultants, plans for these STTA assignments will include adequate time for the consultants to make field visits to the south, in appropriate, to meet Activity clients and make group presentations.*

***Task 1. Business Training.*** *The Contractor shall design and launch Business Training Programs in Novi Pazar, Leskovac and the Nis area for small producers to be able to increase their market opportunities and to integrate their sales in the Serbian and regional market.*

1. *Market Analysis*
2. *Strategic & Business Plan Development*
3. *Selling Skills*
4. *Business Networking*
5. *Finance and Access to Finance*
6. *Marketing & Communications*

***Task 2. International Certification.*** *The Contractor will provide technical assistance to enterprises, agribusiness sector associations, and agribusiness service providers to increase the number of entities receiving international certifications nationwide, as well as in southern Serbia.*

***Task 3. Association Training.*** *The Contractor shall design and deliver training to selected Agribusiness Sector Associations on "How to Organize Trade Fairs and Export Promotion" and will enable additional training and business linkages for at least twelve Serbian companies and associations participating in fairs, as well as technical support and promotional materials design. The Contractor shall design the course and target training to capitalize on the fact that Serbia is the logistical hub and the largest food producer in Southeastern Europe. The Contractor shall design the course to ensure that the selected business sectors are able to enhance their participation in fairs in coordination with international contacts in order to create an environment that is attractive for buyers from the EU, UK, Russia, South Eastern Europe, and the Middle East, as well as for the major and medium sized European Supermarkets, such as Tesco, Netto, Asda, Coop*

and Migros. The Contractor will design the course to emphasize the importance of these linkages, how to make them, and in what ways trade fairs serve as a catalyst for small producers in Serbia to gain market opportunities, and contribute to building local capacity.

**Task 4. Junior Achievement.** The Contractor will design and implement a sustainable funding model for Junior Achievement (JA), which will involve private companies in financially supporting JA. The U.S. Government, through USAID funded programs (most recently Preparedness, Planning and Economic Security Program, or PPES) has supported the JA program in Serbia since 2003. In the past, this support was limited to funding JA Serbia to implement its curriculum in selected high schools, mostly in Southern Serbia, and will continue in line with this modification.

In order to achieve the goals of USAID for a sustainable JA program, the funding resources of JA must be diversified that requires cost sharing by local businesses. However, due to recent fraud related to fund raising activities and the subsequent jailing of persons involved in fundraising in Serbia, JA must develop a clear and transparent mechanism for successfully seeking business partners to support JA programs. The PPES Project, and the USAID Agribusiness Project, have joined forces to help achieve the funding transition imbed a concise and transparent sustainable fund raising program.

It is expected that the Contractor will enable a sustainable process imbedded within Junior Achievement to conduct successful fund raising activities.

The Contractor will hire a Short term technical consultant that will examine the local environment in Serbia for fundraising activities and the capacities within JA to operate a fund-raising program. Once this task is completed, the consultant will provide the manual with specified step-by-step procedure for fund-raising activities.

Finally, the consultant will assist with the preparation of materials for the fund-raising campaign and will assist the JA in the launch of the official fund-raising campaign in Serbia. It is expected that this campaign, and related activities will last until the end of September 2011.

With this modification, the plan is to reach the financial goal of \$300,000 for this year's JA budget. This activity addresses two cross-cutting themes from the Strategic Framework, youth and regional imbalances, with a focus on JA in the south.

**Task 5. Leveraging work of other donors in southern Serbia** The Contractor will coordinate and cooperate closely with other USAID Serbia activities, such as the PPES and MEGA projects in southern Serbia (in the Nis, Vranje and Novi Pazar areas, in particular). The Contractor will actively seek partnerships and leverage Activity resources with other donors and government agencies in Southern Serbia, such as Danish LEDIB, German HELP, and the Serbian Ministry of Agriculture. Professional staff, and in particular the individual Sector Leads, will make special efforts to visit with newly identified clients and partners in the south.

**Task 6. Sustainability.** The Project will design the process for, and complete the transfer of Activity knowledge and responsibilities, to agribusiness partner associations and institutions.

The pages that follow include the additional documents for the Agribusiness Project's Year Four Workplan which are required by Task Order Modification No 5.

**USAID AGRIBUSINESS PROJECT**  
**STRATEGY FOR SOUTHERN SERBIA**  
**October 2010 – September 2012**

**I. Objective**

The USAID Agribusiness Project is focused on generating rapid, sustained, and broad-based economic growth in Serbia. The overall objective is to increase the value of Serbian agricultural product sales, and to increase agricultural employment, with the principal means of achieving these objectives being increasing the efficiency and competitiveness of Serbian agribusiness firms. A complementary component of the Project is to improve the enabling environment (policies & regulations) for Serbian agribusiness companies.

When the Project began in 2007, one of the critical design assumptions was that Serbia would be close to European Union (EU) membership by 2012, and that the USAID assistance program would be ready for phase-out. By 2009 it was clear that this assumption was no longer valid and that the USAID Country Program Strategy needed to be amended and extended until 2015 to reflect current realities in Serbia. This amended country strategy has some major implications for the agribusiness sector, such as the regional imbalances within Serbia and the need for broader social inclusion. In response to these concerns, the Project has designed, and will pursue, a strategy for South Serbia.

**II. Background**

The principal component of the Project is to increase efficiency and competitiveness of Serbian agribusiness. This is achieved by the enterprise-level assistance along the agricultural production and marketing (value) chain to increase the efficiency and competitiveness of key processing firms in the selected sectors. Planned activities seek to increase the competitiveness of input suppliers, producers, processors and wholesalers in domestic and international markets by increasing their access to technical assistance, training, and grants.

A complementary component of the Agribusiness Project is to improve the enabling environment for Serbian agribusiness. Increasing agribusiness competitiveness depends upon a positive enabling environment, including effective Government provision/facilitation of essential services such as: annual crop estimates and market price information; animal/plant health and food safety (laboratory and testing services, inspection); and regulatory oversight (licensing, labeling, standards, product certification, etc.). The project also supports public/private collaboration in: improved market information services; legislative, policy and regulatory reform efforts; and addressing emerging competitive issues.

Six agricultural sectors have been selected for assistance by the Agribusiness Project. These sectors are: vegetables, livestock/meat, dairy, mushrooms & herbs, berries, and tree fruit. These sectors were selected based on detailed assessments of many of the key agricultural sectors of Serbia, and these sectors were determined as offering the best opportunities for growth & expansion.

**III. Activities in Southern Serbia**

The Project will utilize long-term technical assistance with marketing expertise to focus attention on the requirements of southern Serbia. Senior Project management will visit regions in the south on a regular basis, keep the USAID offices in the region informed of their travel plans, and coordinate their visits with these offices (and other USAID funded projects) where needed. As the Project uses the services of expatriate and local consultants, plans for these STTA assignments will include adequate time for the consultants to make field visits to the south, if appropriate, to meet clients and make group presentations.

### **1. Business Training Courses**

The Project will design and launch Business Training Programs in Novi Pazar, Leskovac and the Nis area for small producers to be able to increase their market opportunities and integrate their sales nationally in Serbia, and in regional markets. The Programs will include the following topics: 1. Market Analysis, 2. Strategic & Business Plan Development, 3. Selling Skills, 4. Business Networking, 5. Finance and Access to Finance, 6 Marketing & Communications.

The training courses will be linked with the opportunity to exhibit at the 2011 Culinaria Trade Fair in Belgrade. Providing direct market opportunities for these companies will give them a stronger impetus to participate in the training programs and to invest in building their own capacities to comply with the necessary business requirements.

### **2. International Certification**

The Project will provide technical assistance to enterprises, agribusiness sector associations, and agribusiness service providers, to increase the number of entities receiving international certifications for selected quality and safety standards in the southern Serbia region. The Project's share provided to the agribusinesses in this grant program will be up to 70% for certification services, not to exceed \$5,000 per beneficiary.

### **3. Association & Cooperatives Training**

The business training program in cooperative management, strategic and business planning, financial planning and marketing and sales will be organized for clients in the south, and the east of the country. Cooperatives will be selected based on the Project's program criteria in cooperation with regional Cooperative Unions.

The Project shall design and deliver training to the selected Agribusiness Sector Associations on "How to Organize Trade Fairs and Export Promotion" and will enable additional training and business linkages for southern Serbia companies and associations participating in fairs, as well as technical support and promotional materials design. The Project will assist these companies to gain and maximize market opportunities, and thus build local capacities for future growth.

To assure that targeted sector associations, that have received grant funds or other types of TA, are strong enough to sustain their organizations and activities, capacity building support will be provided to these associations through local STTA consultants. In addition, the Project will hire a foreign consultant to help targeted associations learn how to successfully run professional membership organizations. This consulting assignment will bring in an expatriate association development expert who can use his experience and knowledge of this subject, adapt it to the Serbian environment and legislation, and offer some practical advice and solutions applicable to Serbian national associations.

### **4. Junior Achievement/Youth**

The Project will design and implement a sustainable funding model for Junior Achievement (JA), which will involve private companies in financially supporting JA. The Project has hired an STTA consultant that will examine the local environment in Serbia for fund-raising activities, and the capacities within JA to operate a fundraising program. Once this task is completed, the consultant will provide JA with a manual with specific step-by-step procedures for fund-raising activities.

The plan is to reach the financial goal of \$300,000 for JA's 2011 operating budget. These funds will address two cross-cutting themes from the USAID Strategic framework, youth and regional imbalances, with a focus on JA activities in the south (the entrepreneurship curriculum delivered in

selected high schools in southern Serbia, to be followed by the Best Business Plan competition and grant awards for the winners).

Within its Youth component, the Project will launch the third and the fourth round of the Youth Business Plan Competition, to promote innovation within the Serbian agricultural sector. This competition will take place after JA's "Entrepreneurship in Agribusiness" curriculum is completed, and will be open to agricultural high school students, JA's students, and agricultural university students participating in entrepreneurship programs, with the emphasis on candidates from southern Serbia. Grants will be awarded to the 20 best business plans.

## 5. Gender

The Project will implement the Women's Entrepreneurship in Agribusiness training and grant program in four regions south of Belgrade. A carefully selected group of 200 women will be trained in how to write business plans and run private agribusinesses. After completing the training, these women will submit their business plans to the Project and will compete for start-up grant money for their new businesses. The best business plans will be awarded grants of up to \$15,000 each (10-15 grants) for their start-ups. In addition, the Project will further assist these grantees to take advantage of emerging opportunities in domestic, regional and international markets, and provide the other Project technical assistance which is available to other agriculture-related firms which are participating in Project-supported activities.

## 6. Environment

The Project will ensure environmental compliance of all implemented activities and events with USAID's Environmental Reg 16. The Project will continue implementation of the Pesticide Safety and Environmental Education & Certification program (PSEE), and the Cleaner Production Technologies activity (with an emphasis on companies from southern Serbia). The Project has developed a Strategy Paper for the implementation of the PSEE program in collaboration with the MAFWM. The Integrated Pest Management program will be implemented by STTA consultants (either US or Serbian). The IPM program will cover all aspects of crop production and processing, from planting, harvesting, to post-harvest handling, food processing and distribution.

## 7. Technical assistance by sectors

Marketing/promotional activities, introduction of internationally recognized standards, product development support, adoption of new technologies, and market access activities will be the primary assistance activities throughout the sectors. While assistance will be provided to individual firms, assistance to the industry associations to carry on overall sector related activities will be emphasized. Broad sector related activities, such as addressing policy issues, trade missions, study tours, international and local fairs, international promotion campaigns, target market research, publications, and training seminars, will be undertaken through the sector associations.

### 7.1. Herbs, Mushrooms and Medicinal/Aromatic Plants

The focus of Project assistance in the coming years will be on the herb processor and exporter association "**Serbian Flora**", the wild mushroom association "**Forest Fruits of Serbia**", and the herb collectors and growers association "**Dr. Jovan Tucakov**". The ultimate goal of Project assistance will be to make these associations active, dynamic, and sustainable (these organizations should be ready and able to carry on the support activities for the sector the Project ends).

Special attention will be given to the association "**Dr. Jovan Tucakov**", which will be responsible for addressing the needs of growers, collectors and small scale processors, which are mainly located in the South-Eastern regions of Serbia.

Training programs will be organized on the possibility of growing medicinal plants in southern Serbia, with two handbooks to be printed (one for medicinal herb growers, and the other for medicinal herb collectors). The handbook for medicinal herb growers will cover the 20 most sought after species of medicinal plants which are suitable for farming in southern Serbia. This activity will create a large potential for increasing self-employment in this vulnerable region.

### **7.2. Tree Fruit**

A diversified set of activities is planned for this sector, such as:

- Training programs for sour cherry producers (suppliers of cold stores) – companies from Knjazevac, Leskovac and Zajecar.
- Organizing training courses for companies within the Serbian Association of Prune Producers (all the member companies are located in southern Serbia).
- An expatriate STTA consultant will extend advisory services to the Strela company from Leskovac, and to Borjana from Pirot.
- A local STTA consultant will be engaged to perform an economic analysis on sweet and sour cherry production, with a focus on southern Serbia.
- The Project will provide follow-up technical assistance to the southern companies (from Bojnik, Kursumlija, Knjazevac and Krusevac) that have signed Grant Agreements for the introduction of international standards.

### **7.3. Berries**

The Project will continue assistance to develop the production capacities of berry fruit growers & processors focused on the international fresh market. This will take place through technical and/or advisory assistance extend the growing season and to insure an uninterrupted harvest by the application of tunnels. The Project will also assist with the development of client firms' post-harvest and cold-chain operations. In-kind grants to enable the application of new technologies will be used to complement technical assistance, and to alleviate the financial difficulties for pioneers in advancing the sector from one stage to another.

The Project will implement a number of technical assistance and training activities aimed at enabling the berry industry in southern Serbia to diversify production through establishing the production of new crops and/or varieties, or new value-added products. These will include the production of blueberries, cranberries, new raspberry varieties, berries under tunnels, and sugar-infusion freeze dried products. A special emphasis will be placed on supporting growers from southern and eastern Serbia to use new production and processing technologies, and to shift from frozen bulk products to supplying fresh berries.

### **7.4. Dairy**

The Project will continue to work directly with the small and medium scale dairy processors in southern Serbia to assist them to improve their products and to remain competitive in local and regional markets. The Project will foster collaboration among farmers, processors, regional development programs, industry bodies and government departments as the best way to move forward. The Project has created reliable partnerships with the main mid-size dairies south of Belgrade such as Sabac, Mladost, Kuc (new training center), Lazar (bio-digester technology) and Nis. As an example for direct assistance in the south, the Project will assist dairies, and other interested parties, to secure Protected Geographic Designations for selected cheeses and dairy products from the south. This includes local cheeses from the areas of Nis, Pirot, and Sjenica.

The main goals in the next two years are:

- Support regulatory reform, and protect the unique benefits of Serbian dairy sector
- Develop value added, high margin markets, channels and products
- Promote efficient farm management programs

### **7.5. Vegetables**

The production of vegetables in southern and eastern Serbia is being conducted primarily on smaller individual land plots, which are rarely organized into cooperatives or associations. Traditional production techniques (lower technology level and outdated sorting content) often result in low yields and low quality products, which are difficult to market. The Project intends to invest efforts in increasing the efficiency and profitability of vegetable production in southern Serbia, with an emphasis on cucumbers, peppers and melons that offer higher profits than traditional root crops.

The Project will organize promotion of the Hungarian Cooperative Morakert concept in Nis, Leskovac and Zajecar. A series of training programs and a study tour to Hungary is planned. The Project will improve capacities of potato producers through training on new technologies using an STTA consultant from Holland because of seedling assortment which comes from this country and similar climate conditions.

### **7.6. Livestock**

The Project will shift focus from breeding animals to meat processing in an effort to improve the competitiveness of local meat processors, and to assist them to expand their markets internally and externally. With this shift in strategy, the Project will focus on small to medium scale meat processors (in southern and eastern Serbia) and seek to develop a core group of firms that can become key Project partners. The Project will develop close working relationships with these firms and seek to identify those firms that can become models for others. The Project will support these firms in their efforts to grow their markets.

The assistance will focus on processed meat products, based on both beef and pork, with a particular emphasis on those products that are seen as uniquely and traditionally Serbian. The Project will undertake a variety of technical assistance activities for these companies, with an emphasis on the use of local service providers as much as possible. The Project will also work with the key firms in the sector to support the creation of a new Serbian Meat Processor's Association that can effectively represent the industry to the Serbian government

## **8. Leveraging work of other donors in southern Serbia**

The Project will coordinate and cooperate closely with other USAID Serbia activities, such as PPES and MEGA in southern Serbia (Nis, Vranje and Novi Pazar, in particular). The Project will actively seek partnerships and leverage activity resources with other donors and government agencies in South Serbia, such as Danish LEDIB, German HELP, and the Serbian Ministry of Agriculture. Professional staff, and in particular the Sector Leads, will make special efforts to visit with newly identified potential clients and partners in the south.

## ***Task 1. Business Training Plan***

### **BACKGROUND**

The USAID Agribusiness Project plans to launch a comprehensive program of support for the agricultural producers and processors in south Serbia on improving business skills identified as lacking during the value chain assessments. The primary goal of the Program is to improve the competitiveness of the south Serbian agricultural companies and enable them to increase their market opportunities and to expand their sales within the greater Serbian, and Balkan regional markets. In order to do so the Project shall design and launch Business Training Programs in Novi Pazar, Leskovac and Nis, and in other southern Serbian cities if appropriate, for small producers and processors.

The program will build on the training program delivered during Year Two of the Project. The Project selected 4 service providers that delivered 5 trainings (strategic and business plan development, integrated marketing communication, professional selling skills, finance for non finance managers and business networking and trades shows) to 96 persons from 44 different companies during three months (from June – September 2009). These seminars will be implemented using experienced local service providers, and international consultants, that have materials already prepared and which are familiar with the Serbian business environment and the domestic and regional markets for food products. In addition to training of the companies the Project will also identify local service providers (from South Serbia) and include them into the training process (train the trainers) in order to build the capacity in the region. The Project is planning to deliver the trainings through Y4 but also is expecting for local service providers to pick up the training and to conduct it over Y5.

Specific subjects and topics to be included in this training program will include the following:

#### ***1. Market Analysis***

One of the biggest problem companies are facing when wanting to expand exports is inability to assess foreign markets, competition, trends, prices. Therefore, the project will provide “***Market Research – ITC Trade Map***” training developed and organized by the ITC Trade Map previously. With this tool the companies will be able to better select potential markets, make market profiles for selected products and markets, more successfully determine export prices, etc.

#### ***2. Strategic & Business Plan Development***

SP/BP (Strategic plan /Business plan) is the document which states companies’ business strategy and idea and the ways of its realization. SP/BP is the description of company business which shows where to go and how to get there (mission, vision, strategy). BP/SP is a must while defining company’s strategy or checking the feasibility of some new ideas. Well prepared BP serves as a reference tool and ensures easier tracking of the company performance. BP is of the highest importance while applying for the bank loan or attraction of the potential investors.

#### ***3. Selling Skills***

Sales managers who are regularly communicating with clients, and sales personnel should participate in this training. The training will include: Sales person role-playing, sales process and techniques presentation; closing the deal (sales techniques, follow up sales)

**4. *Business Networking***

This training is aimed at marketing, PR, sales and other top managers who wish to communicate with clients at trade shows, especially from the companies that we are taking to the trade shows. This unique training module provides basic techniques for getting the most out of business networking situations and participation at trade fairs. The issues addressed here are focused on making the best use of time and opportunities for sales. The training should include: network psychology, approaching new people; understanding needs; getting the meeting/closing the sale.

**5. *Finance and Access to Finance***

This training is tailored for non-finance managers who have the need for understanding of basic financial reports and principles. It will also be useful for the beginners in finance in order to fully understand the company's finances.

**6. *Marketing & Communications***

This is directed towards marketing managers, brand, product and category managers, business development and sales managers, and other top management in order to get full picture re marketing management. The training will include IMC planning; market strategy, plan and analysis; development of the market plan; understanding consumer behavior; goal-setting and budgeting; media use and strategy.

In order to gain greater company buy-in, the trainings will be linked with the opportunity to exhibit at the *Culinaria* Trade Fair in 2011 in Belgrade. Providing the direct market opportunity for companies provides a stronger impetus for them to participate and invest in these business training programs.

**PROGRAM PHASES:**

The first phase would encompass the presentation of all the trainings to all interested agribusinesses. The presentation will be delivered by the Project and service providers previously selected via RFP. At the presentation, providers will have to sell their trainings to the companies. Events will be held in Novi Pazar, Leskovac and Nis, and in other southern Serbian cities if appropriate. Following the presentation, Project together with selected service providers will plan all the training dynamics and locations.

The second phase would encompass the trainings themselves. All participants will be requested to fill in the evaluation forms for the training they will attend. The action plan comprises of:

1. Selection of qualified service provider(s) for implementation of the trainings via RFP;
2. Invitation to all interested agribusinesses to participate in the presentation of the training programs. Selected service provider(s) will present the trainings;
3. Companies selection and signing up for the trainings;
4. Training planning phase – coordination of different trainings and selection of the locations;
5. Trainings;
6. Trainings evaluations;

The third phase of the program will be the participation at *Culinaria* during late September 2011. The project staff will assist south Serbian companies at *Culinaria* to access as many buyers and partners and to negotiate best possible sales.

The program's eligible participants may be agricultural related companies, registered agricultural producers and processors, or members of the registered producer organizations, cooperatives and associations with a record of good business performance.

**SELECTION OF THE SERVICE PROVIDERS:**

The Project will issue RFP during December in order to select the service providers to conduct the training. Over last three years we have developed significant cooperation with many service providers that are able to conduct the trainings needed. We also invested our resources to build its capacity via engaging STTA consultants and trainers for leadership and negotiation training.

**SELECTION OF LOCAL COMPANIES AND SERVICE PROVIDERS:**

Upon selection of service providers that will conduct the trainings the Project will make presentations in Novi Pazar, Leskovac and Nis, and in other southern Serbian cities if appropriate. The Project will present the program "Road to Culinaria" while the service providers will present each the training they are selected to conduct. We will use numerous resources to notify companies about these presentations. Upon completing all presentations we will compile the list of companies for each of the proposed locations. At that moment we will realize how many groups and trainings we will have and where it will be organized – based on number of companies applied per location. We are proposing a group size of 10 – 15 participants.

The companies which attend the program will be in position to set the proper business strategy, better promote themselves in the market, understand market needs, increase sales/exports, utilize inputs, improve image and rating, gain easier access bank loans, and make better strategic decisions. These companies will be in a good position to perform well, and to effectively utilize this new knowledge, at Culinaria 2011.

***Task 2. International Certification Technical Assistance Plan***  
*(identifying target businesses and schedule)*

**GENERAL PROGRAM DESCRIPTION**

International market and organizations have defined the sets of technical, managerial and other kind of requirements related to product quality and safety. In general, these standards are aimed to a) improving production efficiency, b) decreasing production costs, c) assuring environment protection, and d) protecting consumers' health. As a result, Serbian companies face rising non-tariff barriers to their exports that can be removed only by successful implementation of international standards. Certificates issued by qualified certification bodies are needed to prove that a product or a service complies with international market requirements. However, introduction of international food safety and quality standards is a demanding and expensive process. Besides significant costs related to provision of specialized training, consultancy and certification services, the process usually requires huge effort and incontestable commitment of management and employees of the company which participates in the process. The implementation of international standards at the same time represents a powerful tool that leads to increased efficiency, more informed decision making and ultimately higher profits. It is beneficial especially for businesses that wish to penetrate foreign markets; in particular, those export oriented toward EU market.

The Project's value-chain assessments revealed that one of the major weaknesses among the companies in the selected sectors limiting their competitiveness at the international markets is the lack of international food safety and quality standards, thus the Agribusiness Project plans to continue to support Serbian agribusinesses' compliance with the international food safety and quality standards in Year Four. Envisaged professional and financial assistance of the USAID Agribusiness Project is considered as an additional incentive in the process of introducing international standards in the Serbian agriculture production and processing, whereby the agricultural producers and processors will have a chance to learn about the benefits of international food safety and quality standards.

The primary goal of our assistance is to improve the quality and competitiveness of the Serbian agricultural products in order to facilitate their sales in the world market. Similar programs of assistance were launched in the previous two years whereby more than 600 agribusinesses participated in educational seminars about international food safety and quality standards, while 146 agriculture-related firms applied for the grant funds to introduce international standards. So far, a total of 21 agriculture-related firms have successfully completed the certification process using the grant funds, while additional 45 of them are in the various stages of implementation.

In Year Four, the grants and technical assistance will be available to the agriculture-related firms and producer organizations in the selected sub-sectors for introduction of all internationally recognized food safety and quality standards as follows:

1. Good agricultural practice in accordance with **GlobalGAP** standard;
2. Environment management system–**ISO 14001**;
3. Food safety management system– **ISO 22000**;
4. Organic production – **Organic**;
5. **IFS** and **BRC**.

Likewise previous two years, the grants will be awarded on a competitive basis through a transparent application process, and in accordance with the specific criteria both described herein.

In Year Four, however, the grant funds will be available for certification only, and up to 25 agribusinesses based on “first come-first served”. The Agribusiness Project will cover 70% of the total costs for certification services. This decision has been driven by the facts that both consulting and certification are very demanding processes requiring significant time, while the USAID Agribusiness Project is scheduled to be completed in September 2012 and all grant funds must be obligated by the end of 2011. Therefore, the grant assistance in Year Four has been limited to certification for 25 to 30 agribusinesses. The USAID Agribusiness Project has set aside \$100,000 in the grants budget for this activity.

In addition to the financial assistance, the Agribusiness Project will organize a media event to promote the importance of international food safety and quality standards by introducing the successful firms whose businesses gained significant marketing and results thanks to implementation of the international standards. The focus will be on the agribusinesses that managed to penetrate new export markets and add value to their existing products. The USAID Agribusiness Project will organize media event in the fourth quarter of Year Four.

### **REQUIREMENTS FOR PARTICIPATION IN THE PROGRAM**

#### ***GLOBALGAP STANDARD:***

Funds from this Program are intended for future holders of certificates in the primary production, in particular (1) agricultural cooperatives and (2) companies. Exceptionally, holders of the certificate may also be individual agricultural producers in accordance with the specific criteria prescribed in this document.

- General criteria for grant applicants for introduction and certification of GlobalGAP standard:
  - a) Applicants must be legally registered with competent authorities; companies and cooperatives must be registered with the Agency for Business Registries, while individual agricultural producers must be registered as the agricultural household;
  - b) Companies must be at least 51% domestically and privately owned;
  - c) Companies must employ at least 3 persons, while agricultural cooperatives must have at least one person employed;
  - d) Products that are being certified must be from one of the following sectors: fruits; berry fruits; vegetables; herbs, mushrooms and spices; livestock and dairy.
- Specific criteria for receiving grant funds– group certification of GlobalGAP
  - a) Holder of the group certificate for individual agricultural producers may be the business entity (agricultural cooperative or company) legally registered with competent authorities;
  - b) Individual agricultural producers that participate in the group certification (either as members of the agricultural cooperative or associated producers of a company) must have registered agricultural households;
  - c) Minimal number of members for group certification is 3 individual agricultural producers;
  - d) Minimal area required to be certified for the whole group is 2.5ha;
  - e) The individual agricultural producers participating in the group certification must have contracted sales with the holder of the group certificate.
- Additional specific criteria for receiving grant funds – individual certification of GlobalGAP
  - a) Potential applicants engaged in the fruit production must utilize the area of at least 2.5 ha in order to apply for individual certification under the Program, while producers of vegetables must utilize the area of at least 1.5 ha.

- Priority in receiving the grant funds for GlobalGAP will have the project that:
  - b) Enhance exports of fresh fruits and vegetables;
  - c) Enhance competitiveness and sales of agricultural products in domestic retail chains;
  - d) Are submitted by business entities with positive balance sheet and income statements;
  - e) Result in increased production, sales and number of employees;
  - f) Increase number of members of agricultural cooperative.

***ISO 14001, ISO 22000, BRC and IFS:***

Funds from this Program are intended for future holders of certificates, primarily business entities (companies and agricultural cooperatives), engaged in the production or provision of services in the area of agribusiness. In order to be eligible to participate in the Program, potential applicants must fulfill the following criteria:

- a) Applicants must be legally registered with competent authorities (as well as hold valid licenses issued by competent authorities, if such licenses are required to perform their registered operations);
  - b) Applicants must be at least 51% domestically and privately owned;
  - c) Applicants must have at least 3 employees;
  - d) Applicants must conduct their business in one of the following sectors: fruits; berry fruits; vegetables; herbs, mushrooms and spices; dairy and livestock.
- Priority in receiving the grant funds for ISO 14001, ISO 22000, BRC and IFS will have the project that:
    - a) Are export oriented;
    - b) Are submitted by business entities with positive balance sheet and income statements;
    - c) Result in increased production, sales and number of employees, or increased number of members of agricultural cooperative (in case an agricultural cooperative is the holder of certificate).

***ORGANIC STANDARD:***

Considering the specifics of the process for obtaining the organic certificate, which may encompass conversion period of up to three years and the requirement of the USAID Agribusiness Project that obligated grant funds should be disbursed within the period of one year from the Grant Agreement signing; grant funds under this program are intended for future holders of the organic certificate, in accordance with the following criteria:

- a) Agricultural producers that have entered the final year of conversion assuming that they present the documentation confirming their status with regard to the conversion process. The aforementioned producers may only apply for grants for certification process.
  - b) Agricultural producers or collectors of forest fruits which, due to the soil characteristics and product type may complete the conversion and certification process within the period of one year.
  - c) Companies engaged in processing of agricultural products, which may complete certification process within the period of one year.
- General criteria for grant applicants for certification of Organic standard:
    - a) Applicants must be legally registered with competent authorities; companies and cooperatives must be registered with the Agency for Business Registries as well as hold valid licenses issued by competent authorities, if such licenses are required to perform their registered operations, while individual agricultural producers must have registered agricultural household;
    - b) Companies must be at least 51% domestically and privately owned;

- c) Companies must employ at least 3 persons, while agricultural cooperatives must have at least one person employed;
- d) Applicants must be from one of the following sectors: fruits; berry fruits; vegetables; herbs, mushrooms and spices; dairy and livestock.

### **ELIGIBLE SERVICE PROVIDERS**

Potential applicants are obliged to submit at least three offers for certification services from competent certification service providers.

Companies registered for performing certification services in the Republic of Serbia, and possessing references to prove their competence shall be considered as competent certification bodies. In addition to the 3 offers from competent certification bodies, applicants are obliged to submit the references for each proposed certification body for the preceding three year period, the Bid Comparison Matrix listing three offers, as well as the one or more of the following documents.

- 1. In case of organic certification – document proving that the proposed certification bodies are approved by the Ministry of Agriculture, Forestry and Water Management to perform organic certification;
- 2. In case of certification of ISO14001 – proof on domestic or foreign accreditation for environment management system (EMS) of the proposed certification bodies;
- 3. In case of certification of ISO 22000, IFS and BRC – proof on domestic accreditation for quality management systems (QMS) or international accreditation of the proposed certification bodies for the specified standards;
- 4. In case of certification of GlobalGAP – approval from the Secretariat for GlobalGAP Certification (FoodPLUS) for each proposed certification body or a valid contract signed between the proposed certification body and other domestic or foreign certification body that possesses approval from the Secretariat for GlobalGAP certification (FoodPLUS);

### **APPLICATION PROCESS**

Interested applicants will be invited to submit their applications filled-out in English language, along with the accompanying required documentation, to the nearest regional office of the USAID Agribusiness Project, both in hard copy and electronic version on a CD in accordance with the terms and conditions defined in the public call for applications. In addition to the Application form, applicants are obliged to submit copies of the (a) Proof on registration with the Agency for Business Registers and/or (b) Proof on registration of the agricultural household with the Ministry of Agriculture, Forestry and Water Management, as well as:

- a) Copies of the forms for pension and social insurance proving the required number of employees (forms M -2 and M3-A);
- b) Copies of the balance sheet and income statement for 2010 for business entities,
- c) Three offers from qualified certification bodies, for certification services, along with the Bid Comparison Matrix listing those three offers; reference list for the preceding 3 year period, as well as specific competency proofs for certification bodies,
- d) Copies of the contracts on mutual sales or cooperation concluded between individual agricultural producers, subject of certification, and business entities, holders of the certificate, in the case of group certification of GlobalGAP.

The USAID Agribusiness Project's Review Board will review and evaluate received applications, and inform the applicant in writing on the status of the application. The incomplete and incorrect applications will not be considered.

### **PAYMENT SCHEDULE**

The individual grant funds will cover up to the 70% of the certification services. The contracted grant amount provided by the USAID Agribusiness Project will be reimbursed to the applicant following completion of certification process, in one installment. The contractual services shall be considered conducted following completion of the certification process for specific standard and presentation of all documentation to the USAID Agribusiness Project, in accordance with the provisions of the Grant Agreement concluded with each beneficiary. The USAID Agribusiness project will conduct payments within 10 days following receipt of complete documentation.

Producer organizations, companies and individual producers that received financial assistance for introduction and/or certification of the specified standards from the Ministry of Agriculture, Forestry and Water Management, or any other institution of the Government of the Republic of Serbia or donor, can not receive support for the same products, processes, facilities or crops under this Program.

### **RESPONSIBILITIES OF APPLICANTS**

Mutual rights and obligations shall be governed by the Grant Agreement concluded between the USAID Agribusiness Project and grant recipient. The grant recipient shall be obliged to undertake all actions to successfully complete the process of introduction and/or certification of specific standard. In addition, the grant recipient shall be obliged to submit all necessary information and documentation on conducted activities and payments during the program implementation process to the USAID Agribusiness Project, in order to enable refunding of the costs, in accordance with the prescribed criteria and provisions of the Grant Agreement.

***Task 3. Association Training Plan (promoting Trade Fairs)***

In order to assure the professional presentation of Serbian companies in trade fairs in pursuing export oriented business and providing the greatest opportunities to successfully close sales, the USAID Agribusiness Project will initiate a series of market based trainings in Year 4 that will remove key barriers and establish sustainable practices for the associations and individual companies to carry-forward. The trainings will be organized in order to ensure that the selected sectors are able to enhance their participation in international trade fairs, and better understand foreign markets in order to more successfully promote Serbia export potentials to targeted markets

The technical approach to this element of the Scope of Work will be to use training programs, in combination with association development grants, to provide the training services and to build the skill levels of the partner associations and companies. The training programs will be based on marketing & trade fair training activities the Project has implemented in the first three years, with adaptations to insure the materials fit the needs and capabilities of the associations being trained.

To add to the breadth of services, we plan to deliver the following training workshops to sector associations, companies and service providers

- ***“How to Organize Trade Fairs and Export Promotion”***
- ***“Sales & Marketing for Export Promotion”***
- ***Negotiation Training***
- ***Market Research – ITC Trade Map***

The Project shall design and deliver training to partner Agribusiness Sector Associations and service providers on "***How to Organize Trade Fairs and Export Promotion***". The training will be delivered to all Associations and its members which are participating at foreign fairs through Project's support. These include: Fruits of Serbia (Fruit Logistica) with 14 companies, Serbia Organica (Biofach) with 5 companies, Serbian Flora (Vitafood) with 5 companies, Halal Agency (Mihas) with 10 companies, SIEPA (Fancy Food) with 10 companies, and others. In addition, service providers will be trained in order to continue providing this training to new associations and interested companies in coming years. SIEPA will be one of service providers which can do this training in future. These service providers will be identified through public solicitations. The trainings will also be provided by Project staff during different fairs where it will be shown in practice how foreign buyers can be reached and products efficiently promoted.

***“Sales and marketing for export promotion”*** was developed and implemented in the first three years of the project. Year 4 will be a year in which this training will be provided by the project staff to Fruits of Serbia (Fruit Logistica), Serbia Organica (Biofach), Serbian Flora (Vitafood), Halal Agency (Mihas), and SIEPA (Fancy Food). This also will be a transitional year in which SIEPA will take over this activity fully. The M&S staff has already started training SIEPA personnel on how to successfully make this presentation and to groom firms for export. It is our plan for SIEPA to deliver this training from the second half of year four.

***“Negotiation training”*** will be provided by a consultant who has already delivered this training to companies in previous years. The training will be provided to 15 companies from the berry, tree fruit, dairy, livestock, vegetable and herb sectors. The sector leads have identified this skill as a barrier to expanding company sales. The training will also be given to at least 10 service providers. Service providers will get separate “train-the-trainer” sessions in which they will also get all

materials necessary for giving trainings in future. In year five, some, or all, of these 10 service providers will provide training to associations and companies.

One of the biggest problems companies are facing when wanting to expand exports is inability to assess foreign markets, competition, trends, and prices. Therefore, the project will provide “**Market Research – ITC Trade Map**” training developed and organized by the ITC Trade Map. With this tool the companies will be able to better select potential markets, make market profiles for selected products, more successfully determine export prices, etc. The training will be delivered to following associations: Forest Fruits of Serbia, Fruitland, Fruits of Serbia, Serbian Blueberry associations, Serbian Flora, Coldstores association, Serbia Organica association and Serbian prune association. The associations will be trained to provide market research services to its members on a fee basis in coming years, which can serve them as an important tool for self-sustainability. In addition, 20 companies selected from the berry, tree fruit, dairy, livestock, vegetable and herb sectors will be selected by sector leads and trained to do market analysis. Also five service providers will have “train-the-trainer” session and receive materials in order to successfully provide this training in the future. Ministry of agriculture and SIEPA will also receive the training.

The combination of these training events during Project Year Four will serve as a significant step towards sectoral transformation. It will enhance and deepen export capacities in individual firms, and will also ensure an existing local capacity to transfer export skills and knowledge to any qualified agribusiness.

***Task 4. Junior Achievement Sustainable Model Report***

As was indicated in the original Agribusiness Project Year Four Workplan submitted to the USAID Mission to Serbia on September 15<sup>th</sup>, 2010, the main element of support for the Junior Achievement fundraising plan was the provision of an expatriate consultant who could review the situation at JA and provide them with a fundraising plan for implementation over the course of 2011. The Project has provided JA with this consultant, and as this Annex to the workplan is being prepared he has nearly completed his assignment in Serbia. The consultant will make a presentation to JA and the Agribusiness Project on his conclusions and recommendations on Wednesday, November 10, 2010. Following that presentation the consultant will finalize his report, and the materials he will be providing to JA, and submit them formally to the Project.

The Agribusiness Project has engaged the services of Robert Osborne, Jr. who is Vice President of the Osborne Group from Kisko, New York. Mr. Osborne brings 15 years of fundraising and management experience to bear on this effort. He has experience in campaign planning and implementation, campaign communications, leadership and major gifts, annual giving, stewardship and donor relations, volunteer and board training and management, marketing, and not-for-profit management. As a development director, he has lead growth in the organizations he has worked for from 400% to 800% in fundraising.

As a consultant, staff, and volunteer trainer, Mr. Osborne works closely with his clients on major gift fundraising, campaign readiness, donor identification, major donor strategy development, stewardship and developing an effective communications plan. He specializes in organizational management, including strategic planning and development office start-ups, helping his clients build shops from the ground up. Selected current clients include the National Center for Civil and Human Rights, Legal Services of New York City, Catalyst, Institute for Student Achievement and TrustAfrica.

The draft Executive Summary of the consultant report that Mr. Osborne will be providing to the Agribusiness Project and Junior Achievement Serbia is attached as an integral part of this sub-plan.



Junior Achievement Serbia  
Development Plan

Executive Summary  
November 5, 2010

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The following is an Executive Summary of the development plan prepared for JA Serbia by The Osborne Group (TOG) in November 2010. TOG has an international reputation for being some of the best trainers and major gift strategists in the world. We are pleased to share our expertise with JA Serbia.

The development plan provides a clear strategy and metrics for JA Serbia to create a stable and sustainable fundraising program and to realize its vision.

Development Plan Goals

- Create a three year plan for achieving €500K in annual and sustained income
- To replace €200 in USAID agribusiness project and PPS project aid by 2012
- To reduce the percentage of funding from USAID to 0% by 2013
- To create a sustainable stream of unrestricted support

Methodology

The Osborne Group (TOG) spoke to staff members, Board members, corporate social responsibility experts, as well as attended various events pertaining to the state of Serbian business and corporate philanthropy, in order to understand the unique challenges and strengths of both JA Serbia and the Serbian social sector. From this information TOG prepared an assessment and recommendations report. From the recommendations in this report and discussions with the JA Serbia staff leadership, TOG prepared a development plan along with a suite of tools and templates to accompany it.

TOG is also providing general development and major gift training to allow the JA Serbia to best execute the plan on its own with minimal need for outside expertise.

Two Success Factors

JA Serbia's ability to create a sustainable stream of unrestricted support is largely dependent on two factors:

- Creating a large, active, and engaged volunteer corps that includes the Board
- Creating the internal infrastructure and capacity that allows the organization to spend most of its time pursuing those donor prospects most capable of making transformational gifts to the organization

The single biggest factor and predictor of organizational success or failure will be the ability of the organization to create an engaged Board and volunteer corps capable and willing to do fundraising on behalf of the organization. Like many things, fundraising is very much a “who you know” kind of business. Access to, and strong relationships with, a sufficient number of philanthropic decision makers within corporations will be the key to success.

This sort of effort is very difficult to bring to scale if only staff are involved. Staff driven fundraising efforts generally fail or struggle. Given the timetable, the size of the need, and the Serbian market, active volunteer participation in fundraising is absolutely critical. Volunteers act as force multiplier allowing JA Serbia to reach and manage far more donor prospects than staff possibly can alone.

However, managing large numbers of volunteers and prospects is a labor-intensive endeavor. Engaging them sufficiently so that the volunteers are motivated ambassadors of the organization even more so. This is especially true in Serbia where Board service is viewed more as an honorary position than an active volunteer position. This necessitates having a highly efficient internal operation that allows most of the staff’s time to manage top volunteers.

### Strategic Initiatives

**Articulating JA Serbia’s vision** – Major gifts are given to vision and not track record, mission, or methodology. Vision answers the question of: what will be different tomorrow if I give money today? JA Serbia will articulate its vision and make a case for supporting the organization in a number of formats designed for corporations and individuals.

This should be articulated immediately.

**Generating a volunteer corps and donor prospects** – JA Serbia will host a series of events (“friendraisers”) in which the vision will be discussed and the audience asked to share its reaction to the vision. Those who are interested in volunteering for JA Serbia will be asked to self-identify and will be asked to do some small thing for the organization to begin to engage them on a more personal level. Most people in attendance will not have an interest or will not be sufficiently philanthropic to do so, but we are only interested in the 10-20% who are. Those that are interested in JA Serbia and are major gifts prospects or have access to such prospects will be furthered engaged. Each will have a strategy specific to them that will be executed by staff and volunteers. The strategy will be designed to make them sufficiently engaged with organization that they willing to open doors and work hard to find support for the organization.

The biggest reason development efforts fail is a lack of prospects. The plan quantifies the number of prospects needed over the next three years and provides clear benchmarks and targets to track progress against. JA Serbia will have a clear idea at any given time based on its prospects identified (and other associated metrics) as to how well it is executing the development plan.

This process should begin immediately with the first vision meeting occurring in early 2011. This is an ongoing process with noticeable results within a year.

**Engaging volunteers and donor prospects** – Donors and volunteers give time and money to those endeavors where they best understand what their time and money are

accomplishing. They must experience this directly for themselves in a way that is personally meaningful to them. Everyone will be “given something to do” and then more to do until they are sufficiently engaged to be good ambassadors. Each prospect will have a strategy designed specifically for them. Strategy will be reviewed and revised regularly.

This is an ongoing process that should begin immediately.

**Tiered Corporate sponsorship package** – Corporations give out of “enlightened self-interest” and corporations represent JA Serbia’s best market. The plan includes a tiered sponsorship program that has both market and philanthropic incentives. Having tiers of giving encourages higher levels of investment. Having highly engaged volunteers speaking to philanthropic decision makers within the corporation makes it more likely that they will fight for funding and for higher levels of funding.

JA Serbia will create a corporate screening list to determine who among the organization’s staff, friends, colleagues, and volunteers have relationships with corporate philanthropic decision makers.

The tiered sponsorship package has already been created and the corporate screening list should be created within a few weeks.

**Board Enhancement** – JA Serbia’s current Board make-up is insufficient to its needs in terms of having engaged and philanthropic membership. Through the volunteer generating process, JA Serbia will generate future Board members. However, these Board candidates will only be put on the Board after they have demonstrable commitment to the organization. This means they have made some sort of personal gift, have raised money for the organization, and have generally followed-through on any commitments they have made to the organization.

The ground work for this should begin immediately. It involves finding “champions” on the Board that will support this effort. Meetings with potential champions should take place in November 2010.

**Major Gifts** – Major gift is the most efficient and effective way for JA Serbia to make transformational change in its fundraising. Closing major gifts involves having a strategy for each and every donor prospect. TOG is providing the tools and training necessary for JA Serbia to do this well.

**Training** – At the end of the day, development is as much art as science. TOG is providing the JA Serbia staff with the training in relationship building it will need to effectively execute the development plan.

TOG will provide major gift training to the JA Serbia staff on October 8<sup>th</sup>, and ongoing training on Board enhancement, holding vision meetings, and other items related to the plan from October 8<sup>th</sup> through October 10<sup>th</sup>. Staff will learn basic major gift theory and major gift strategy. They will learn a development method for ensuring all interactions are purposeful with measurable objectives and outcomes. Staff will learn how to make effective prospect strategy resulting in major gifts to JA Serbia.

**Infrastructure and Capacity** – The plan provides the means for JA Serbia to create a fundraising infrastructure. This includes structured stewardship plans, prospecting plans, and the recommendation of a relational database. The plan includes a large suite of templates that can be used to set up a strong development infrastructure with minimal need for additional outside expertise.

***Task 5. Coordination and Leveraging Plan:***

The Project will coordinate and cooperate closely with other USAID Serbia activities, such as USAID Field Offices, PPES and MEGA in southern Serbia (Nis, Vranje and Novi Pazar, in particular). The Project will actively seek Partnerships and leverage Activity resources with other donors and government agencies in southern Serbia, such as Danish LEDIB and the new Agribusiness Project, German GTZ and HELP, and the Serbian Ministry of Agriculture. Coordination with the Danish program will receive special emphasis since two substantial southern-focused Danish programs are now operating in the region, and the Program Directors along with the Danish ambassador have expressed great desire to integrate their work with the USAID Agribusiness Project. We anticipate that this will be substantial cooperation, and could include joint financing of Project activities.

Professional staff, and in particular the Sector Leads, will make special efforts to visit with newly identified potential clients and Partners in the south. In our efforts to identify new or potential cooperators we will revisit organizations that seemed of marginal interest in the past, since changing circumstances may have altered this perception. One such organization is the Serbian Unity Congress. Contact with them will be made in mid-November. Another organization with which we will direct this thrust is NALED. We will immediately explore opportunities to cooperate with this organization and will discuss with them specific program activities that can benefit both them and the Project. Other promising entities we will pursue as potential partners include local LED offices, and municipalities with substantial rural development components.

Given our program priority to achieve sectoral transformation by the end of year five, we will begin immediately treating ABDS firms as potential partners or cooperators. Cooperating with concrete Project activities will enhance the professional skills and sophistication of such entities and could identify unrecognized private sector potential for project managers. In addition, we will seek immediately to form partnerships with higher-order associations. We have identified promising associations through public solicitations and will use those as targets in our launch of this initiative. We also will begin immediately to assess the potential of the cooperatives we currently have as clients to become operating partners in the south of Serbia. We expect initially to find this difficult, but also expect that those cooperatives that have progressed well within our program eventually will be open to appropriate joint activities. Should this prove to be the case, it would be a significant transformational success.

To ensure adequate coordination with other donor organizations and local partners in southern Serbia region, the USAID Agribusiness Project will begin in November to:

- Jointly discuss, initiate, coordinate, review and implement relevant activities with Partners in the southern Serbia region. This will include integrating current activities such as sharing of STTA interventions and extending invitations to planned and current technical training and other appropriate events. This also will include seeking leads to other potential cooperators from existing partners.
- Regularly exchange information and hold consultation meetings with Partners about the activities to update each other on all the achievements made. This will serve to ensure that all activities by either partner are made available for utilization by the other. This should allow the Project to maximize our impact.

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- Duly inform Partners about any available assistance provided through its programs which may help their clients build and improve their business practices and production, financial and technical management skills to identify markets, access to finances, as well as negotiate and fulfill contracts and purchase agreements.
- Invite Partners to participate in the Project's already scheduled activities and events, e.g. training programs, workshops, seminars, study tours, trade fairs, advisory services, and other activities that it sponsors.
- Share information on planned and/or ongoing Project activities that are directly related to the six focus sectors (dairy, tree fruit, berry fruit, livestock, herbs/mushrooms and vegetables) in the southern Serbia region.
- Involve Partners in designing and planning Project activities, such as training seminars, conferences/workshops, presentations, B2B meetings, and advisory assistance. This will begin in the spring of 2011 and will have full impact throughout year five.
- Link the Project's clients with Partners to facilitate broad-based donor assistance.
- Provide support to Partner clients within the cross-cutting components, including marketing, Producer Organizations, ABDS/Finance, environment, and the youth & gender programs. In the south of Serbia a major emphasis will be on marketing and sales assistance. This will include a particular focus on exports.

To facilitate coordination, the Project expects Partners from the southern Serbia region to:

- Share information with their beneficiaries on all of the Project's activities.
- Inform/invite their clients from southern Serbia to take part in the upcoming activities/events organized by the Project, and (if/when necessary) leverage costs.
- Make available their grants funds or technical assistance to the Project's clients from southern Serbia.
- Work with the Project on establishing links between clients from southern Serbia and interested buyers, and facilitate establishment of business cooperation through organizing trade mission, B2B meetings, trade fairs etc.
- Work with the Project on identifying and attracting potential EU investors interested in investing/establishing their operations in the agribusiness sector in southern Serbia. This is an area in which we hope to find fertile ground.

***Task 6. Sustainability Plan (transfer of knowledge to Associations)***

**BACKGROUND**

The Project will plan a catalyst role in the transformational phase within the sub-sectors assisting other entities to organize and carry out Project activities. This process will be characterized by shifting the part of the Project activities, knowledge and responsibilities to local service providers (ABDS), larger associations, institutions and processing companies to achieve transformational impact in sub-sectors where it is possible to demonstrate. Project staff will continue to serve the sectors more in advisory and consulting roles, through the remaining life of the Project to assure successful mentoring process and transformational impact. At the beginning, the Project and its staff was delivering complete assistance to sectors, identifying and articulating the needs of sector stakeholders, designing the activities to be implemented, organizing the whole process of implementation and monitoring, and covering completely the required budget. During that process, the Project has identified, developed, and/or trained local entities and service providers to provide the services that formerly could be found mainly through these Project initiatives. With the transformational approach being adopted in the remaining two years of the Project, the main role and responsibilities should be on local service providers (ABDS), sector associations, and processing companies that serve larger number of farmers through embedded services provision and long-term market placement.

In Year Three, adoption of long-awaited new Law on Associations has been a major driving force for emerging of agribusiness sector associations, and other membership organizations. With the new law, groups of companies can establish associations now, which allow agribusinesses to form professional organizations to represent their common welfare. Due to increased awareness and interest among Project clients of the value of associating to achieve common goals, special focus in Year Three has been placed to assist new sector associations as entities that are seen to have a role in organizing and carry out part of the Project activities for their members and the industry. However, these associations are present in very limited numbers, in very few out of six targeted sub-sectors with aim to fulfill only certain functions in a value chain. Therefore, to maximize transformational impact in each of targeted sectors throughout the value chain, other types of entities, besides associations, will be assisted in Year Four for a transfer of knowledge and responsibilities to organize and carry out project activities. Those are: local service providers (ABDS), regional development institutions, and processing companies that can serve a larger number of farmers.

- 1) ***Support implementation of grant activities of agribusiness associations.*** To support emerging sector oriented associations of agribusinesses the Project has launched in May 2010 a specifically designed grants program. As a result, eight associations have been approved for Grant funding in Year Four to implement a range of activities in support to their members and sectors. There are six national and two regional associations from following sectors:
  - Herbs and Mushrooms (3),
  - Tree Fruit (1),
  - Berry Fruit (1),
  - Vegetables (1), and
  - Associations covering multiple sectors (2)

Activities that will be implemented vary from marketing and promotion, product development, technology transfer, joint ventures and investments, lobbying and advocacy to change industry-related policies, to capacity building of association and members. These groups of stakeholders organized in associations, mostly by export oriented processors and producers, will be assisted by the Project staff throughout the Year Four to implement activities that are subject of the Grants program for associations.

Besides strengthening new agribusiness associations to articulate their needs and support members and the industry, the Grants program will have very important role in enabling their sustainability, particularly access to different international donor and government funds. Grants program will provide opportunity for newly established associations to get necessary experience and references in implementing different programs and activities, and along with financial support and their cost share to realize turnover through association bank account. All these are basic eligibility requirements for organizations to apply for international and government programs. For example, the recent “*Serbia Transitional Agricultural Reform Project (Star)*” funded by the World Bank, and organized by the Ministry of Agriculture, had such strict criteria for funding, that new, young, associations were not eligible to apply.

**Time frame:** Throughout Year Four

To assure targeted sector associations are strong enough to sustain their organization, and their activities, additional capacity building support will be provided to these associations as well.

1. ***Assist associations to create development strategies and plans*** - The project will help associations to define and prepare long-term development strategies with short-term action plans, and common growth strategy of association members. This will be done through selected local short term consultants that will work with each organization using the one-on-one approach to facilitate the process. The targeted associations for this assistance are: Serbian Flora, Serbian Blueberry, Serbian Prune Producers, and Fruits of Serbia.

**Time frame:** January-February 2011.

2. ***Association Development Advisory*** - The Project will hire a short term foreign consultant to help targeted associations learn more how to successfully run professional, business oriented, membership organizations. This consulting assignment will bring in an expatriate association development expert who can use his experience and knowledge of this subject, adapt it to the Serbian environment and legislation, and offer some practical advice and solutions applicable to Serbian national associations. The consultant will advise the Project’s client associations on different models of efficient organizational structure, how to improve their viability and financing, broaden the scope of their member services, and expand opportunities for lobbying and advocacy to change industry-related policies, for each category of association.

**Time frame:** March-April 2011.

3. ***Transfer knowledge and responsibilities to marketing oriented associations and service providers for domestic and international self-promotion*** - The Marketing and Sales Department will assist with systems for the training of associations, business service providers and firms to optimize their participation in trade shows. The activities will include sales and marketing trainings, facilitation of buyer linkages, definition of distribution strategies, negotiation and contract facilitation and overall direct sales support. The Project will design and deliver trainings on:

- (1) How to Organize Trade Fairs and Export Promotion;
- (2) Sales & Marketing for Export Promotion, and
- (3) Negotiation Training,

for at least twelve Serbian companies and associations participating in fairs, as well as technical support and promotional materials design. In addition, the M&S team will train the associations and companies on how to conduct market research for all fairs and assist them with identifying potential products for specific markets for each fair. The main goal is to imbed sustainable practices in associations and service providers for the successful organization and participation at international trade fairs and to improve the effectiveness, volume, and reach of business, association and government support for international fairs and export promotion events. Finally to gradually remove USAID from the primary financing and organization of Serbian agribusinesses export promotion and thus reduce its program costs.

**Time frame:** Throughout Year Four

4. ***Build capacity of local service providers to sustain organization of new Culinaria 2011 Food Show in Belgrade*** - Following the success of the first Culinaria show (in late September, 2010) the Project will work with local fair organizers and associations over the course of Year Four, and into Year Five as well, to continue growth of the Culinaria food show (possible through association funding) so that at least 300 companies from Serbia and other regional countries participate. It is our plan to make Culinaria the focus point for the food industry of Southeastern Europe. The support will consist of expat STTA working on refinement of the strategy and providing assistance for further development of the Belgrade food trade show, technical assistance with food show layout and organization; and assistance in creating the exporters association to partner fair organizers.

**Time frame:** Throughout Year Four

5. ***Transfer of Communications expertise, media relations to associations*** - Associations will be assisted in the area of communications by selecting trainings and lecturers for workshops to be held for project clients regarding the public relations. In order to assist associations and cooperatives with the promotion of their work, National (like RTS and Fox) media representatives will be included in the group traveling on study tours, anticipated within the Producer Organization work plan. Main goals of this activity are to strengthen clients' capacity in the field of media relations and communications in general.

**Time frame:** Throughout Year Four.

6. ***IPA Trainings*** - Organization of tailored trainings in Instruments of the Pre-Accession Assistance (IPA) of the European Union for the two groups of beneficiaries: (1) potential service providers, cooperatives, associations and rural development network which will disseminate information about available programs and provide professional assistance in designing project proposals; (2) leading sector agribusinesses wishing to gain better understanding of IPA. The trainings will primarily deal with IPARD component of IPA, its objectives, programs, implementation, measures, as well as capacity building in proposal/project development, eligibility of expenditures, etc. This should enable associations and cooperatives to become acquainted with the upcoming integrations, change their behavior, or make investments necessary to improve their ability to respond to the upcoming changes. It will also increase their sustainability and fundraising capacities.

**Time frame:** Third or fourth quarter of Year Four.

7. ***Farm management training for local service providers*** - The Project is planning to support and enhance the management capabilities of project client firms, companies that are providing advisory services (ABDS). The Project will hire the consultant who will present practical, usable, techniques to selected training participants, which will allow them to implement new ideas and techniques quickly in their daily practices. This will benefit all companies that ABDS are advising. We are expecting the results from this activity to be decreased production costs, and improved quality of the crops and products from firms that are receiving advice from the assisted service providers.  
**Time frame:** November 2010 – March 2011.
8. ***Capacity building of local laboratories*** - The Project will work with the laboratories during Year Four on its capacity building and training. The Project will focus on analysis of pesticide residue and disseminate information on new testing methods like – quechers (QuEChERS (pronounced Catchers), an acronym for Quick, Easy, Cheap, Effective, Rugged and Safe, is a sample extraction and clean-up technique widely used for the analysis of multiple residues in hydrated agricultural products), screening and other reliability tests. Organize round tables and conduct comparative analysis on requirements for pesticide use in EU, Russia and US. Introduce grant program for inter-lab research and test. As the exporters are required to test more and more shipments the reliability and capacity of local laboratories are become of vital importance.  
**Time frame:** Throughout Year Four.
9. ***Trainings of trainers, service providers and processors' embedded advisors*** – All training and assistance proposed by sector leads and cross cutting staff in the overall Year Four work plan that will help service providers and advisors to gain new knowledge and expertise that will be further disseminated to companies and farmers during and after the Project life, should be considered as part of the transformational process that will secure Serbian agribusinesses sustainability.  
**Time frame:** Throughout Year Four.