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# AGBIZ PROGRAM

SECOND FISCAL QUARTER REPORT 2013  
JANUARY–MARCH 2013

APRIL 2013

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## **DISCLAIMER**

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

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# ACRONYMS AND ABBREVIATIONS

AD	Activity Description
AI	Active Ingredient
AtF	Access to Finance
B2B	Business to Business
BSP	Business Service Provider
CBI	Dutch Centre for the Promotion of Imports from Developing Countries
CEFTA	Central European Free Trade Agreement
CeProSARD	Center for Promotion of Sustainable Agriculture and Rural Development
CIPOZ	Center for Applied Research and Permanent Education in Agriculture
CIRa	Center for Institutional Development
CoP	Chief of Party
COR	Contracting Officer's Representative
CY	Calendar Year
DOC	Development Outreach and Communication
EG	Economic Growth
EU	European Union
EPI Centar	Economy, Planning, Innovation Centar
EPA	Environmental Protection Agency
FACE	Foundation Agro-Center for Education
FG	Focus Group
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FY	Fiscal Year
GAP	Good Agricultural Practice
GLOBAL G.A.P.	GLOBAL Good Agricultural Practice
GoM	Government of Macedonia
IC	Innovation Center
IDEAS	Investment Development and Export Advancement Support/USAID funded
IFS	International Featured Standards
IM	Invest Macedonia (Agency for Foreign Investment and Export Promotion of the Republic of Macedonia)
IPM	Integrated Pest Management
IPARD	Instrument for Pre-Accession Assistance for Rural Development
ISA	Insurance Supervision Agency
ISO	International Organization for Standardization
IT	Information Technology
LA	Lead Actor
LF	Lead Facilitator
LoI	Letter of Intent
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MAP	Macedonian Association of Processors
MASIT	Macedonian Chamber of Information and Communication Technologies
MBPD	Macedonian Bank for Promotion of Development
MCG	Macedonian Consulting Group
MoU	Memoranda of Understanding
N/A	Not Applicable
N/R	Not Required

PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
PG	Producer Group
PDO	Protected Designation Origin
PIRN	Policy and Institutional Reform Need
PO	Producer Organization
PPD	Public Private Dialogue
PSDS	Private Sector Development Specialist
PV	Processed Vegetables
RCI	Regional Competitiveness Initiative
RCO	Regional Contracting Officer
RfA	Request for Approval
RfP	Request for Proposal
SBEP	Small Business Expansion Project
SEMP	Sector Export Marketing Plans
SDC	Swiss Development Cooperation
SIPPO	Swiss Import Promotion Programme
SME	Small and Medium Enterprise
SoW	Statement of Work
SSG	Sub-sector Standing Group
STTA	Short-term Technical Assistance
TIDS	Technological Industrial Development Zones
ToR	Terms of Reference
TtARD	Tetra Tech Associates in Rural Development
ULO	Ultra-low Oxygen
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VC	Value Chain
VCLF	Value Chain Lead Facilitator

# DEFINITIONS

Each of the following sections defines key terms used in this report.

*Activity* – An event or action designed to help achieve one or more AgBiz Extension objectives. A value chain competitiveness enhancement event that is designed for multiple customers in one or more value chains, and includes trade fairs, study tours, human capacity enhancement/training, value chain profiles, assessments, policy reform evaluations, and business to business (B2B) meetings. AgBiz usually supports activities by direct payments to service providers.

*Project* – A set of business expansion interventions designed by AgBiz to increase the competitiveness and export sales of the customer and jointly funded by a single customer. Typical project expenditures are to construct new facilities or buy new equipment; to design new packaging or brochures; to enter a new market via paying for slotting allowances, in-store demonstrations, or advertising/promotion programs; or to provide technical assistance. AgBiz contributions to a project are supplied via a grant

*AgBiz Extension* – The two-year, \$2.44 million extension of United States Agency for International Development (USAID)/Macedonia's AgBiz Program.

*Business Services Provider (BSP)* – An entity that provides business-related services to agribusinesses, most often a private sector firm such as a consulting company or an individual consultant. In some cases, public sector entities can be BSPs if the services they provide are for commercial business development purposes.

*Embedded Services* – 1) Additional inputs or services provided by a vendor in addition to the main items or services the vendor is selling that help the vendor to make the sale and provide the buyer with added value. 2) Inputs or services provided by a raw materials buyer to increase the quality, lower the cost, or improve delivery timing of the raw materials the buyer is purchasing from a grower. This second type of embedded service is often included in formal or informal production/delivery contracts wherein the buyer will deduct most the buyer's out-of-pocket costs advanced to the grower from the price of the raw materials the buyer purchases.

*Fresh Fruits and Vegetables (FF&V)* – One of the two value chains to be supported by AgBiz.

*Integrated Supply Chain (ISC)* – A sustainably linked, market-focused, and effectively integrated set of participants who provide inputs or services to a single final seller (or coordinated group of final sellers) who work together to enhance the competitiveness of the end products sold by the last links in the supply chain. A supply chain is composed of participants of an ongoing set of vertical linkages that is much smaller and has fewer participants than a value chain.

*Invest Macedonia (IM)* – The newly formed Macedonian export promotion department of the Agency for Foreign Investment and Export Promotion.

*Lead Actor (LA)* – A private sector legal entity that plays a major role in the implementation of an integrated supply chain competitiveness enhancement plan (i.e., set of AgBiz-supported activities). LAs are often consolidators, packers, or processors, but can also be input suppliers, financial entities, or occasionally a trade association.

*Lead Facilitator (LF)* – A firm (most often a BSP) that takes majority responsibility for the planning and implementation of a significant part of an AgBiz component. An LF will be a subproject manager and will need to comply with all relevant USG, USAID, and Tetra Tech Associates in Rural Development (TtARD) regulations.

*Package* – A set of activities designed by an LF, with input from key LAs, to enhance the competitiveness of a specific value chain.

*Partner* – An entity with whom AgBiz will work to achieve the objectives of the extension. In this context, *partner* is a generic term.

*Processed Vegetables (PV)* – One of the two value chains to be supported by AgBiz.

*Public Private Dialogue* – Effective discussions between public and private sector entities that has the goal of achieving a better understanding and consensus on issues that involve both parties—usually policy and public institution reforms.

*Value Chain (VC)* – The firms and individuals participating in related value-adding activities that convert inputs and services supply into outputs for a given set of commodities and products. Most USAID-related value chain development work stops at the importer or wholesale buyer, but includes inputs and services suppliers.

# EXECUTIVE SUMMARY

**Program Development:** During the second quarter of FY13 (January-March 2013) AgBiz positively responded to all Program objectives, effectively implemented activities envisioned in the Annual Work Plan and achieved targeted results projected for this period. AgBiz staff continued to provide direct guidance and support to Lead Facilitators in the development and implementation of activities. AgBiz sustained excellent coordination with the USAID Mission and all relevant institutions particularly the Ministry of Agriculture Forestry and Water Economy, the Agency for Foreign investments and export promotion, Association of Agro Economists of Macedonia and other stakeholders in the agribusiness sector. On 12<sup>th</sup> February, AgBiz organized a field visit for USAID EG Office Director and AgBiz COR in Kocani region to see the accomplishments of the Implementation of Contract Farming and in Strumica to visit VegeFresh cooperative assisted by the AgBiz Program regarding new product development – yellow pepper for the processing industry. Following the field visits, the group attended the presentation of guidelines for the promotion of Environmental Friendly Technologies for Pepper Production and Post Harvesting Operations.

Eager to expand extensive experience and knowledge gained throughout the successful implementation of the USAID/Macedonia AgBiz Activity, AgBiz staff established *AgBiz MK*, a non-governmental and non-profit organization that will provide expertise in the field of agriculture/agribusiness productivity and export competitiveness and private/public sector development. *AgBiz MK* shall serve as a legacy institution that will continue to support Macedonian Agribusiness competitiveness by implementing activities similar to those carried out under USAID Macedonia's AgBiz Program. In March, as a proposed use of unallocated funds and certain savings from travel and favorable exchange rate, Agbiz prepared and submitted to USAID a request for Two-Month Extension at No Additional Cost including the implementation of a few VC development activities and several capacity building activities for the AgBiz MK NGO. USAID asked for some additional clarifications on the activities related to strengthening the capacity of the AgBiz MK and a revised request was submitted. This Quarter, AgBiz issued two press releases and significant number of media advisories that were published in 57 print and electronic media. Additionally, the Program developed and submitted 2 success stories.

**Increased Domestic and Export Sales and Improved Competitiveness and Productivity:** In the period January – March 2013, VC Lead Facilitators for FF&V and PV managed to successfully complete four and initiate development and implementation of an additional 13 VCs' capacity enhancement activities. This set of activities have considerable impact on strengthening the capacity of LAs and their integrated supply chain farmers to improve production technology, further development of contract farming, assist production of certified planting materials and introduce new products, understand market demand and product specifics, and link with potential relevant buyers ultimately leading to greater domestic and export sales and increased incomes for all participants in the FF&V and PV value chains. Both VC Lead Facilitators successfully executed several activities where FFRM, other BSPs and individual international and/or local experts were included as their subcontractors.

**Increased Productivity, Competitiveness and Sales for Fresh Fruit and Vegetables Value Chain:** During Q2 of FY13 EPI Centar in coordination with participating LAs and project partners successfully implemented all projected activities, focusing both on overall improvement of competitiveness and productivity. In this period the most significant event was the participation at Fruit Logistica 2013 with a national representation stand. The fair itself was organized in cooperation with MAFWE, facilitating the participation of other institutions and organizations like Invest in Macedonia, IDEAS, MAFWE, SIPPO and representatives of the LAs and other interested export-oriented companies from the FF&V VC. The national representation stand was appropriately designed and offered unique and professional recognition of the country and the FF&V VC in Macedonia. The event enabled a great number of contacts and potential pre-contracts with some of the most important importers in Europe.

EPI Centar together with FFRM continued to facilitate focus groups discussions with the LAs and primary producers to define and articulate main problems and challenges in the business environment,

financial needs as well as the overall performance of the sector. Some of the field activities such as planting in the intensive apple orchard and the planting of imported rootstocks for fruits have been delayed as a result of climate conditions, though with no drastic effects of the foreseen results. However, due to the floods in some areas of the country, it is expected the vegetable production season will be delayed.

***Increased Productivity, Competitiveness and Sales for Processed Vegetables Value Chain:*** During the second fiscal quarter of 2013, at the primary production level, further implementation of contract farming activity included training on utilization of production guidelines, selection of seed, production of seedlings and plant protection followed by environmentally sound technologies based on protection techniques and chemicals that are permitted with the national and EU legislation and in accordance with the PERSUAP. Assistance in implementation of contract farming allowed more than 200 farmers to sign formal contracts for production and buyout of vegetables. The Center for Applied Research and Permanent Education in Agriculture (CIPOZ) helped farmers from Vege Fresh cooperative introduce a new pepper variety - yellow pepper for processing, thus increasing their yields, diversifying their production and increasing their incomes in addition to strengthening capacity and improving collaboration within the LAs supply chains. This will expand PV VC LAs product range, improve food quality practices and attract additional customers for their existing and new products.

A Study Tour to Hungary which enabled exchanging experiences on establishing and functioning of successful PGs and POs in the horticulture sector, was followed by presentation sessions in Macedonia with farmers and companies. PV LAs continued their efforts to expand current market presence and diversify market opportunities. As a follow up to the coordinated buying mission of Russian Importers to Macedonia, LAs continued intensive negotiation that resulted in two new export contracts worth of \$61,000 US. Five LAs participated in a Study tour to Sweden and Lithuania and had specialized presentations and B2B meetings with the most relevant buyers and distributors in these markets. During the events they received orders for exporting PV products valued at \$117,000 US.

***Support for Invest Macedonia (IM):*** This quarter, AgBiz continued the process of training and education of Invest Macedonia staff in order to improve their knowledge and skills in export promotion of agriculture products, particularly from the two supported value chains. AgBiz in synergy with Investment Development and export Advancement Support (IDEAS) Project organized capacity building training for the employees of Invest Macedonia and the Technical Industrial Development Zones (TIDZ) Directorate for carrying out their responsibilities to promote Macedonian exports at targeted markets, and supporting foreign investors that have established operations in the country. The activity also contributed to institutional development and overall organizational efficiency of the Agency for Foreign Direct Investment and Export Promotion of the Republic of Macedonia. Invest Macedonia prepared and issued the first electronic Newsletter called “Exporter”. AgBiz developed a three-page article on AgBiz goals, achievements, and activities implemented together with IM that was included in the Newsletter. AgBiz agreed with Invest Macedonia management to involve the Agency as a counterpart in a Regional Agribusiness Forum to be organized by AgBiz and RCI on 29<sup>th</sup> May 2013 in Skopje.

***Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund:*** During this quarter AgBiz supported the MAFWE to prepare three rulebooks as secondary legal acts based on the Law on Wine related to registration in, and deletion from the Registry of wine producers; financial obligations for purchased wine grapes during the previous years; and referent method for analysis of the chemical content of the wine.

***Policy and Institutional Reform Needs Identification, Prioritization and Analyses:*** During Q2, the following needs for Policy and Institutional Reform were identified: “Imposed phyto-sanitary registration for F&V processing companies”, and “Initiative for unrealistic national campaign for promotion of Agri-food products”. In the course of this quarter, the work on two of the PIRNS initiated in the previous quarter (Lack of implementing procedures of Good agricultural and hygiene practices as precondition for future State support policy; and Lack of functional scheme for using the agricultural insurance as a product for farmers) was completed.

***Development of VC Export Strategies and Plans for the FF&V and PV VCs:*** LF Macedonia Export, in coordination with the CBI international expert and AgBiz, successfully finalized the Sector Export Marketing Plans and submitted the document for revision and input from MAFWE, MoE and

other relevant stakeholders. On 26<sup>th</sup> and 27<sup>th</sup> February, AgBiz organized workshops with stakeholders from both FF&V and PF&V VCs to develop the Action Plans for implementation of the strategic objectives defined in the SEMP.

***Public Private Dialogue and Organizational Advocacy Capacity Enhancement:*** During the reporting period 5 training sessions were organized for 144 participants on the following topics: Workshop for revision of the national support programs and the IPARD; Financing and Insurance in Agriculture; Effective planning and organization of meetings; Effective planning and organization of workshops and Effective planning and organization of promotional campaigns, as a part of the training needs assessment performed in the initial phase of the project implementation. Furthermore, one meeting of the Subsector Standing Group for Fruits was organized. During this period, a working group including representatives from different MAFWE departments was established for regular coordination of the process of taking over the web portal to be used as an on-line tool for compiling all relevant agribusiness legal document, reports, strategies etc. The coordinator of the on-line tool and platform has been appointed and a draft register of fruit and vegetable buyers has been developed. The LF CeProSARD developed Guidelines for usage of the on-line tool as well as the procedures for the flow of documents for all type of beneficiaries.

***Enhanced Access to Finance:*** During the second quarter of the FY'13, Innovation Center continued its AtF activities in support of the FFV&PV VCs. The LF co-organized two educational events for farmers and companies, one in January together with EpiCentar in Resen and a second in February, together with CeProSARD at MAWFE. IC continued supporting access to finance projects by cost-sharing the Financial Facilitators (FFs) fee which resulted in 7 companies successful access finance.

***Monitoring and Evaluation:*** Progress toward achieving both qualitative and quantitative program objectives was very satisfactory during the quarter. Over 90 percent of the indicators are on-schedule or are being overachieved at the end of this reporting period. Data collection regarding indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities for CY 2012 from both AgBiz supported VCs' Lead Actors was coordinated, processed and its quality verified. The season was characterized by extremely favorable weather conditions, which allowed buy out of vegetables to be prolonged and continue until the end of November, while processing capacities remained active until mid-December 2012. AgBiz-supported LAs increased their buyout of raw materials exceeding the targeted value by 12% and managed to increase value of sales by 20% compared to the baseline.



# 1.0 SECOND QUARTER ACCOMPLISHMENTS

## 1.1 PROGRAM DEVELOPMENT AND IMPLEMENTATION

### 1.1.1 Actions Completed during the Quarter

#### *Compliance/USAID Approvals*

During this Quarter, AgBiz submitted Request for Approvals (RfAs) and received approvals from United States Agency for International Development (USAID) Contracting Officer’s Representative (COR) and Regional Contracting Officer (RCO) as required and in compliance with USAID rules and regulations.

- ***Extended Lead Facilitators’ Contracts***

During previous Quarter AgBiz signed the LFs Contract Extension for FF&V VC and PV VC, Enhanced Access to Finance for participants in the Fresh Fruit & Vegetables and Processed Vegetables Value Chains and Strengthening Public Private Dialogue through the Increased Utilization of Effective Advocacy. During this Quarter AgBiz assisted the LFs in USAID compliant Contract Implementation.

- Assisted LFs in Activity Implementation;
- Contract Mods issued for all approved activities for increasing the Contract’s obligated funding;
- Reviewed Activity Descriptions Budgets;
- Sub-sub-contractor procurement, purchasing and contracting procedures;
- Final Activity cost-sharing;
- Financial Reporting and payments;
- Reimbursed all Value Chain Lead Facilitators (VCLF) for previous month’s expenses.
- Maintained AgBiz Monthly Subcontracts Report

- ***Subcontracting other Qualified Local Business Service Providers***

Qualified local Business Service Providers (BSP) were engaged to implement single activities developed by AgBiz not managed by LFs under 1.1.2, 1.3.1, and 1.3.2. A USAID-compliant process for procuring services from qualified local BSPs was implemented that utilizes an open and competitive bidding process. In essence, the same procurement, implementation, and monitoring procedures were successfully applied to these BSPs as was applied to LFs.

#### ***Agreements Signed and Activities Approved Report***

Table 1 below shows the total number of Activity Descriptions (AD) approved by USAID during the Quarter worth \$63,528, mainly aimed at implementing the remaining activities of the LFs’ Subcontracts. All agreements were with Macedonian companies or individuals.

TABLE 1. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS					
ACTIVITY	Type of Contract	SUBMITTED TO USAID	Term	Signed	US\$

**TABLE 1. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS**

<b>Economy, Planning, Innovation Centar (EPI Centar)</b>					
EPI Centar Fresh Fruit & Vegetables VC Lead Facilitator	Hybrid Contract Mod	Not Required (NR)	Oct 2012–May 15, 2013	30–Oct–12	\$127,356
Included Management Fee					\$59,078
<b>Specific Activity Descriptions EPI Centar</b>	<b>Type of Contract</b>	<b>SUBMITTED TO USAID</b>	<b>USAID COR</b>	<b>Signed</b>	<b>US\$</b>
Support 3 Lead Actors (LA) in local production of high quality certified planting material of demanded fruit varieties	AD	20–Feb–13	20–Feb–13	NR	\$11,265
<b>SUBTOTAL</b>					<b>\$11,265</b>
<b>Macedonia Consulting Group (MCG)</b>					
MCG Processed Vegetables Lead Facilitator	Hybrid Contract Mod	NR	Oct 2012–May 15, 2013	30–Oct–12	\$ 85,277
Management Fee					\$ 44,235
<b>Specific Activity Descriptions MCG</b>	<b>Type of Contract</b>	<b>SUBMITTED TO USAID</b>	<b>USAID COR</b>	<b>Signed</b>	<b>US\$</b>
Study tour and B2B in Austria and Switzerland for PV	AD	04–Feb–13	05–Feb–13	NR	\$5,000
Training program for Farmers on advanced production technology	AgBiz direct Sub	04–Feb–13	05–Feb–13	NR	\$10,000
Visit to international Fair Detrop, Thessaloniki	AD	19–Feb–13	20–Feb–13	NR	\$505
Organizing presentations and B2B events in Lithuania and Sweden	AD	26–Feb–13	27–Feb–13	NR	\$15,738
<b>SUBTOTAL</b>					<b>\$31,243</b>
<b>Center for Promotion of Sustainable Agriculture and Rural Development (CeProSARD)</b>					
CeProSARD Advocacy and Public Private Dialogue strengthening	Hybrid Contract Mod	NR	Oct 2012–May 15, 2013	30–Oct–12	\$ 22,430
Management Fee					\$ 6,150
<b>Specific Activity Descriptions CeProSard</b>	<b>Type of Contract</b>	<b>SUBMITTED TO USAID</b>	<b>USAID COR</b>	<b>Signed</b>	<b>US\$</b>
<b>SUBTOTAL</b>					<b>\$ –</b>
<b>Innovation Center (IC)</b>					
Access to Finance Lead Facilitator	Hybrid Contract Mod	NR	Oct 2012–May 15, 2013	30–Oct–12	\$ 22,650
Management Fee					\$ 9,750
<b>Specific Activity Descriptions Innovation Center</b>	<b>Type of Contract</b>	<b>SUBMITTED TO USAID</b>	<b>USAID COR</b>	<b>Signed</b>	<b>US\$</b>
Educational events for the Farmers suppliers in the Fresh Fruit and Vegetable and Processed Vegetable Value Chains	AD	21–Jan–13	22–Jan–13	N/A	\$900
<b>SUBTOTAL</b>					<b>\$ 900</b>
<b>Special Opportunities Fund Ministry of Agriculture, Forestry and Water Economy (MAFWE)</b>					
<b>Specific Activity Descriptions Special Opps Fund MAFWE</b>	<b>Type of Contract</b>	<b>SUBMITTED TO USAID</b>	<b>USAID COR</b>	<b>Signed</b>	<b>US\$</b>
Support in preparation of secondary legislation according to NPAA 2013	AgBiz direct Contract	19–Feb–13	20–Feb–13	NA	\$8,500
<b>SUBTOTAL</b>					<b>\$ 8,379</b>
<b>MACEDONIA EXPORT</b>					
<b>Specific Activity Descriptions Macedonia Export</b>	<b>Type of Contract</b>	<b>SUBMITTED TO USAID</b>	<b>USAID COR</b>	<b>Signed</b>	<b>US\$</b>

TABLE 1. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS					
Developing Sector Export Marketing Plans for FF&V and PF&V value chains – Action Plan	AD	04-Feb-13	05-Feb-13	NA	\$8,641
<b>SUBTOTAL</b>					<b>\$ 8,641</b>
AGBIZ DIRECTLY SUBCONTRACTED ACTIVITIES					
INVEST MK					
Specific Activity Descriptions Invest Macedonia	Type of Contract	SUBMITTED TO USAID	USAID COR	Signed	US\$
Training for Invest Macedonia staff – March 2013	AgBiz direct	27-Feb-13	27-Feb-13	NA	\$3,100
<b>SUBTOTAL</b>					<b>\$3,100</b>
<b>TOTAL DURING THE QUARTER ACTIVITIES</b>					<b>\$ 63,528</b>

## 1.1.2 Actions Planned for the Next Quarter

### *Compliance/USAID approvals*

During the following Quarter AgBiz will submit RfAs for a two-month extension, at no additional cost, to USAID COR and RCO as required and in compliance with USAID rules and regulations. Tetra Tech Associates in Rural Development (TtARD) believes the extension would benefit Macedonian agribusinesses and significantly enhance the impact of the AgBiz Program by:

- 1) Providing support to AgBiz Macedonia (*AgBiz MK*), the newly established association initiated by AgBiz staff, to help the association establish itself, and build off the momentum of the AgBiz Program.
- 2) Supporting activities that take place during the summer growing and harvesting season. With the proposed extension at no additional cost, AgBiz would be able to collect and present to USAID the results of some of the seasonal activities that will be realized after June 18<sup>th</sup> (the current AgBiz closing date).

### *Compliance/ MK Laws & TtARD Policies & Procedures*

During the coming Quarter AgBiz will continue to operate under USAID and TtARD Policies and Procedures.

### *Budget and Finance Management*

- Prepare Monthly Budget Projections reports, subcontractors' financial pipelines and control budget expenditures to successfully implement a highly leveraged activities' program.
- Prepare LF Subcontracts Final Financial reports.

### *Human Resources and Staffing*

Successfully guide, provide feedback and complete Performance Evaluation for all local staff.

### *On-going Monitoring, Control and Successful Close out of all Lead Facilitators Subcontracts*

AgBiz staff will continue to assist, monitor, and control all subcontracts by providing approval of:

- Activity Descriptions;
- Sub-sub-contractor Statement of Work (SoWs);
- Financial Reporting;
- Final cost-sharing;
- Memoranda of Understanding (MoU)/Letters of Intent (LoI) with third parties;

- Procurement and purchasing procedures;
- Reporting, monitoring and evaluation, and outreach; and
- Payment procedures

### 1.1.3 Inclusive Development

In accordance with the USAID policy on disability, AgBiz Program is committed to the inclusion of people who have physical and cognitive disabilities. Thus, for the period of this quarter, whenever possible AgBiz held trainings and events in venues accessible for the people with disabilities.

USAID's policy on disability is as follows: To avoid discrimination against people with disabilities in programs which USAID funds and to stimulate an engagement of host country counterparts, governments, implementing organizations and other donors in promoting a climate of nondiscrimination against and equal opportunity for people with disabilities. The USAID policy on disability is to promote the inclusion of people with disabilities both within USAID programs and in host countries where USAID has programs.

### 1.1.4 External Cooperation and Coordination

AgBiz and its subcontracted LFs maintained comprehensive cooperation and coordination with the USAID Mission, MAFWE, Faculty of Food and Science, other private sector entities, donor projects, as well as relevant Chambers of Commerce and other Government of Macedonia (GoM) institutions. In order to optimize the impact on increasing the incomes for all participants in the two targeted value chains, by increasing exports, improving productivity, enhancing the agricultural business environment, and increasing access to finance, the Program is leveraging support through all participants in the FF&V and PV VCs, shares experiences, promotes learning from each other and jointly supports activities. AgBiz and LFs cooperated during the quarter in the following ways, with other entities:

#### AgBiz:

- Coordinated De-briefing for USAID Economic Growth (EG) Office Director and AgBiz Program COR on the Fiscal Year (FY)'13 first quarter accomplishments.
- On 12<sup>th</sup> February, organized a field visit for USAID EG Office Director and AgBiz COR in Kocani region to see the accomplishments of Implementation of Contract Farming and in Strumica to visit VegeFresh cooperative assisted by AgBiz Program for new product development – yellow pepper for the processing industry. Following the field visits, the group attended the presentation of guidelines for promotion of Environmental Friendly Technologies for Pepper Production and Post Harvesting Operations.
- AgBiz Chief of Party (CoP) held a meeting with USAID COR and Investment Development and Export Advancement Support (IDEAS) Management to discuss project coordination and joint implementation of Activities; the Monitoring and Evaluation Manager participated at the Inclusiveness Development Training, organized by USAID Mission in Macedonia; Private Sector Development Specialist (PSDS) participated at a conference related to access to finance for companies in the Pelagonia Region organized by SBEP USAID Project in Bitola on February 06, 2013 and attended a presentation related to the Agro-Start project - Transnational Cooperation Program – Transnational network for Small and Medium Enterprise (SME) support to animal breeding and the horticulture sector held by Federation of Farmers of the Republic of Macedonia (FFRM) in Skopje on March 28<sup>th</sup>, 2013.

#### AgBiz LF for Fresh Fruits and Vegetables (FF&V):

- Attended several coordination meetings with MAFWE, Invest Macedonia and Panex, (local company engaged for design and construction of the exhibition stand) regarding the organization of Fruit Logistica 2013.
- Held a meeting with Swiss Import Promotion Programme (SIPPO) country representative regarding the results of Fruit Logistica 2013 and possible future support and cooperation on Fruit Logistica 2014.

- Continuous coordination with the high school Car Samoil and United Nations Development Programme (UNDP) as counterparts implementing a Demonstration Plot for intensive apple production in Resen.
- Organized assembly meeting for founding the Association of table grapes producers and exporters, Viktorija from Gradsko.
- Participated at Instrument for Pre-Accession Assistance for Rural Development (IPARD) amendments and consultation meetings/discussions organized by FFRM and MAWFE.

#### AgBiz LF for Processed vegetables (PV) VC:

- Met with Mr. Darko Iljovski from Euromonitor international and with Ms. Katerina Orovcaneć – Trade promoter of Invest Macedonia for Sweden and Finland to coordinate PVVC study visit and B2B events in Lithuania and Sweden.
- Contributed to workshops related to the new law on agricultural cooperatives organized by FFRM on January 17, 2013; and the workshop on protocols for vegetable seed production organized by Foundation Agro-Center for Education (FACE) in Skopje on January 18, 2013.
- Held a meeting with German Macedonian Economic Chamber in regards to participation of PV members at Anuga 2013 food fair in Cologne, Germany.
- Met with Mr. Vasko Karangelevski from KA group, a local consultant working with an international expert engaged by the Swiss Development Cooperation (SDC) to discuss SDC strategy development for Macedonia.
- Coordinated Macedonian Association of Processors (MAP) managing board members' meeting held in Skopje on February 15, 2013.
- Met with Mr. Peter Verheyn, Deputy Head of Mission / Counselor at the Embassy of the Netherlands in Skopje on February 19, 2013 to discuss the interest of PV VC members to increase their cooperation with companies from Holland.
- Coordinated MAP Managing board meeting with representatives of Macedonian Bank for Promotion of Development (MBPD), Ministry of Finance and representative from the Deputy Prime Ministers cabinet in regards to easier access to finance for PV VC members organized in Skopje on March 08, 2013.
- Met with representatives of the USAID-funded Industrial Management Project in regards to potential involvement of PV VC members in project activities related to energy efficiency on March 27, 2013.
- Participated on advisory meeting related to IPARD modifications held by MAFWE on March 29, 2013.

## **1.2 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR FRESH FRUITS AND VEGETABLES**

After a good and prolonged production season in 2012, the FF&V VC showed a significant increase in the volume of buy-out of fresh agriculture products as compared to 2011 (when farmers experienced challenges due to increases in the cost of inputs by around 6%, mostly as a result of increased prices of seeds, planting material and mineral fertilizers). Another important factor instigating reduced competitiveness and modest prediction for next season is the increase of the price of fuel.

Mild weather conditions in the first three months of Calendar Year (CY) 2013, unusual for this time of the year, allowed greenhouse producers to decrease the energy costs, but also caused a lot of problems for small, individual producers in the preparation of vegetable planting material due to the intensive rain fall and flooded fields. The table grapes and apple producers were not severely affected by these problems, even though the chances for potential diseases did increase.

During this period, the MAFWE in cooperation with the IPARD agency made changes in the financial support criteria allowing producers to be eligible for additional types of investments like purchase of tractors or group purchase of other mechanization for cooperatives as well as a refund of 50% of the total investment costs for establishing new orchards and vineyards. These changes may result in higher utilization of IPARD funds by small farmers and could stimulate producers to replenish old varieties and modernize production.

Being the single largest export oriented sub-sector (after tobacco), the GoM continues to focus on supporting the FF&V value chain through providing substantial support in the form of financial subsidies and provisions under the rural development program.

The level of cooperation among the VC players has seen no significant change; however few cooperatives, especially Vege Fresh from Strumica showed improvement in their capacity for coordinating considerable production and supply of vegetables, thus becoming a very relevant partner for the Processing industry. As part of the Agbiz Program, EPI Centar in cooperation with FFRM continued with implementation of activities to improve productivity and open new export opportunities for Macedonian producers and exporters.

### 1.2.1 Activities Completed during the Quarter

#### ***Monitoring of the VCs' Performance through Focus Group Discussions***

**Objective:** Develop a platform for continuous monitoring of the VC performance as a basis for identification of the issues and needs for support in the VC on the producer's level.

**Activity Summary:** During this quarter EPI Centar together with FFRM and the Production Technical Experts facilitated the third Focus Group Discussion (FGD) for Fresh Vegetables VC – Pepper - on February 12 in Strumica. Around 30 individual primary producers, several trade companies, representatives of the MAFWE and FFRM discussed performance of the VC in Q4 of 2012, and current problems, gaps and open issues. Based on results reported, the LF updated data in the VC monitoring matrix for CY 2012 and reviewed challenges and expectations for the forthcoming period. The results of the FGD meeting illustrate:

- 1) increase of total sales of FF&V in 2012 by around 5-10% compared to 2011;
- 2) increase in production costs (especially the energy costs) by an average of 6-8%;
- 3) repeated problems of low awareness related to state subsidies programs.

The LF is working on updating VC screening studies prepared at the beginning of the FY2012. The monitoring matrices for each VC are prepared and will be accompanying part of the VC studies. This Activity has proven to provide a viable mechanism in monitoring FF&V VC performance and will further enable most relevant and accurate data to be used by LAs, their supply chain farmers and other FF&V VC stakeholders for development of Action plans, export strategies and development programs. It will also provide a platform for regular discussion and information exchange between LAs and their farmers on VC performance. The last round of three FGDs for FF&V VC will take place during the first week of April, 2013.

**Activity Cost:** Total Cost: \$15,550; AgBiz Share: \$7,090 or 46%

#### ***Support to the Sustainable and Continuous Domestic Production of High Quality, Certified, Market demanded Fruit Planting Material***

**Objective:** Increase awareness and interest for the local production of high quality certified planting material of demanded fruit varieties; technology transfer.

**Activity Summary:** This activity focuses on improving the quality of domestically available fruit planting material, including certified rootstocks and new varieties. As part of the activity the three LAs (Ovoshtar, Agrokalem, Agripro) in cooperation with the apple production technology expert, Mr. Marjan Kiprijanovski have selected company Vermeerderingstuinen ([www.vermeerderingstuinen.nl](http://www.vermeerderingstuinen.nl)) from the Netherlands, producer and distributor, and ordered certified planting material including the following varieties: 1) Apple - Granny Smith, Idared, Mutsu, Campsur, Fuji; 2) Pear-Abate Fetel, Doyenne du Comice, Le Cure; 3) Sweet Cherry-Bigarreau Burlat, Sunburst, Kordia, Regina, Compact Stella, Van.

In March, the three LAs made all the necessary preparations for importing planting material (rootstocks and mother plants). The LF coordinated the import of planting material with the Dutch producer and exporter and with its representative for the Balkan region. In addition to the purchase and delivery of

planting material, STTA provided technical support to improve production technology and introduce good agriculture practices leading to certified planting material. Planting materials are expected to arrive and complete the customs procedures in Macedonia on the April 2<sup>nd</sup>. The STTA will inspect the quality of materials against the specifications and the plant materials will be delivered to LAs (Ovoshtar, Agrokalet, Agripro) for planting.

**Activity Cost:** Total Cost: \$45,815; AgBiz Share: \$11,265 or 25%

### ***Support the Establishment and Cultivation of Intensive Apple Orchard in Prespa and Promotion of the Market Demanded Varieties through a Demonstration Plot***

**Objective:** Increase awareness of intensive apple production with new varieties with a demonstration plot.

**Activity Summary:** As a result of insufficient understanding of the advantages and benefits of new, modern high density apple orchards, the producers in Resen region are skeptical about the introduction of new, advanced production methods. Therefore, complementary to the assistance of UNDP's project, Restoration of the Lake Prespa Ecosystem, for establishing a modern apple orchard as a demonstration plot, EPI Centar contracted a Fruit Technology expert to provide professional technical support and capacity building to a local junior expert engaged at the high school. The LF signed a MoU with the High School Car Samuil in Resen to define the level of cooperation. In March, the intensive apple orchard demonstration plot was fully established, surrounded with fence and the planting material was planted in accordance with the highest standards and modern technology. The LF and the Expert coordinated a training session on pruning of intensive apple young plants. The training was attended by 21 farmers from Resen that have gained practical knowledge on spring pruning of young plants in the intensive apple orchard. They expressed great interest in participating in the upcoming intensive apple orchard management trainings and sustainable farming practices. It is expected the activity will result in creating a real training center to promote knowledge and economic value of modern apple production technology in the main apple production region of the country.

**Activity Cost:** Total Cost: \$38,340; AgBiz Share: \$4,840 or 13%.

### ***Analysis of Experiment Results from different Post Harvesting Techniques for Various Apple Varieties***

**Objective:** Introduction of various post-harvesting techniques through trial experiments for the preservation of apple quality.

**Activity Summary:** Most of the Macedonian apple producers are facing problems during post-harvesting, as the apples stored cannot be kept fresh for a long period of time. This is due to non-standardized production as well as improvisations during storing. There are no Ultra-low Oxygen (ULO) storing facilities and the present storage facilities cannot control the atmosphere to maintain the quality characteristics of apples for a longer period of time. In addition, the number of small post-harvesting facilities (cooling warehouses) is increasing and there is an opportunity to implement a number of simple practices that can help farmers with no substantial investment to extend the shelf-life of their apples. From contacts with companies and apple producers, substantial training on post-harvesting and warehousing has been identified as crucial for improvement of apple quality. Therefore, AgBiz through EPI Centar and in cooperation with the LA (Grupa za potsektor jabolko), contracted a Fruit Technology Expert and designed a trial testing storing of three varieties of apples in two different chambers under various types of treatment. During the quarter, the STTA conducted two analyses of stored apples measuring three main parameters: During the first measurement the following results were obtained:

(1) *loss of weight*

- a. Idared storage treatment options : average loss of weight of 0,99%
- b. Golden Delicious treatment options : average loss of weight of 1,11%
- c. Granny Smith treatment options : average loss of weight of 0,55%

(2) *dry matter solubility with Iodine test (I-test)*

- a. Idared storage treatment options : average reduction of dry matter 4%

- b. Golden Delicious treatment options : average reduction of dry matter 6%
  - c. Granny Smith treatment options : average reduction of dry matter 9%
- (3) *firmness of fruits*
- a. Idared storage treatment options : average reduction of firmness 32%
  - b. Golden Delicious treatment options : average reduction of firmness 24%
  - c. Granny Smith treatment options : average reduction of firmness 11%

Detailed analysis illustrates reduction of both firmness and weight over a relatively short period of time. At the end of March, the second measurement of parameters for apples stored with different treatment in and out of cold storage was conducted. Final data will be processed and results will be finalized at the beginning of April. Findings and lessons learned will serve as a model for adoption of successful practices in advanced post-harvesting that can be further replicated and will be shared with the apple producers through the FFRM network.

**Activity Cost:** Total Cost: \$10,681; AgBiz Share: \$5,181 or 49%

### ***Cost-benefit Analysis of the Use of Different Energies in Greenhouses/Glasshouses among the Small Producers (Alternative Heating System)***

**Objective:** Analysis of the most efficient heating system in greenhouses and glasshouses for small primary producers.

**Activity Summary:** The research includes glasshouses and greenhouses using geothermal water, crude oil, wood, gas or a combination thereof, in several regions in the country where there is substantial vegetable production. It compares the use of different heating systems and energy sources and their effects on productivity and cost structure. Moreover, it provides recommendations for improved cost efficiency and the introduction of environmentally friendly heating systems. This enables producers to make optimal business decisions and improve their profitability and competitiveness.

During the quarter, the LF contracted a team of STTAs that have conducted several visits to selected companies and farms that use different types of heating systems and energy sources. Based on data collected through a questionnaire, measuring specific parameters for energy consumption and detailed information gathered on the field, the STTAs will run an extensive analysis on greenhouse/glasshouse production including different sources of energy and their impact on production costs and provide recommendations to improve energy efficiency. The study will stress critical points in the use of energy for heating of greenhouses and glasshouses, the energy costs, the main energy losses as well as the proposed areas of intervention for more efficient use of energy and overall costs reduction. A final report will also address possible modifications in sector policy for state support. The LF together with the Association of vegetables producers under glasshouses – member of Macedonian Chamber of Commerce - will organize a discussion forum where the initial findings and recommendations will be presented to the members of the association. Comprehensive cost benefit analysis of the use of different types of alternative heating systems for greenhouses and glasshouses will provide valuable information for vegetables producers and exporters and concrete evidence on losses or gains from using different energy inputs.

**Activity Cost:** Total Cost: \$14,015; AgBiz Share: \$8,765 or 63%

### ***Guidelines for Promotion of Environmental Friendly Technologies for Pepper Production and Post Harvesting Operations***

**Objective:** Disseminate technologies for pepper production that require lower input of pesticides and fertilizers, environment protection, production of safe food, better sales and export and increased income for the VC participants.

**Activity Summary:** The existing pepper production technology in Macedonia is mainly outdated and most of the producers have insufficient knowledge in advanced agricultural practice. In order to meet the EU market demands, pepper producers in the country need to achieve a higher level of product quality and utilize post-harvesting operations acceptable for European Union (EU) markets while taking into consideration preserving the environment. Therefore, this activity envisions additional upgrade and know-how transfer through the preparation and publication of two guidelines with practical and easy to read advice on enhancing productivity and achieving product characteristics as requested by the more sophisticated markets. The Guidelines for application of environmentally friendly (agri-ecologically) practices in vegetable production has been prepared by the contracted technical expert, Ms. Gordana Popsimonova, and published in 200 copies for the targeted group of primary producers. The guidelines focus on: crop rotation, soil preparation, usage of grafted seedlings and mulching as environmentally friendly techniques used in good agriculture practice for vegetable production. In order to make the information available and comprehensible by primary producers, LF EPI Centar in collaboration with FFRM has organized a presentation and promotion of guidelines for vegetable producers in Strumica. The event has gathered together 30 participants, out of which 20 primary producers, several trade and production companies and representatives of MAFWE. The examples presented in the guidelines as well as the data shared and results expected from the implementation of proposed measures have raised significant interest among farmers. Each measure was elaborated by Ms. Gordana Popsimonova who also facilitated the question/answers session with the producers.

*(For more details, please see the “Brochure on Agro-ecological Measures for Vegetable Production” included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$14,015; AgBiz Share: \$8,765 or 63%

### ***Improvement of Market Linkages through an Exhibition Stands at Fruit Logistica 2013***

**Objective:** Improve linkages with potential new markets and technology transfer.

**Activity Summary:** Based on outcomes and major positive impact on Macedonian FF&V sector resulting in considerable export development for the past several years, MAFWE allocated budget to support 10 leading companies from the FF&V VC to exhibit at a National Macedonian stand at Fruit Logistica Trade Fair in Berlin. MAFWE confirmed it would cover the expenses for space rental and construction of the stand, thus enabling FF&V companies to have a highly professional presentation and visual identity and significantly higher motivation to participate at the fair. FF&V LF EPI Centar supported the MAFWE in preparation of the registration process, identifying ten export oriented companies that can competitively offer their products at the Fair, and coordinated the selection of suppliers for the Stand construction company and preparation of a promotional catalogue and promo bag. The exhibiting companies Agrolozar, Agrokalem, Frutagrozd, GD Tikvesh, Badzo, Turan, Ksenos, Zhito, Permindeks, Ekooaza Samandov and six additional Macedonian companies that participated as visitors presented themselves at the national stand. The fair was an excellent opportunity to meet their present and potential customers, renew and sign new contacts and make pre-arrangements for the forthcoming season. The LAs reported over 120 meetings with partners and potential buyers of which around 30% were reported as new including 31 new customers from Netherlands, Russia, Slovakia, Italy, Ukraine, France, Hungary, etc. Initial orders received from clients for exporting fresh fruits and vegetables, amount to 4.67 million EUR. The exhibitors also had an opportunity to gain insight on the development of the sector at the global level, observe and evaluate competition and understand latest trends.



PHOTO CREDIT: FF & V VC LF

**Macedonian companies present their products at the national stand at Fruit Logistica 2013**

Two MAFWE representatives that participated at the national stand provided valuable information and data on agriculture production, type of products and varieties grown in Macedonia. In addition, the USAID IDEAS Project supported Invest Macedonia Agency to take active participation at the fair and present national export promotion support activities.

*(For more details, please see “Activity Result Report Fruit Logistica 2013” and the promo materials for the exhibit of 12 fresh produce*

*companies included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$54,730; AgBiz Share: \$10,086 or 18%

### ***Improvement of the Fresh Fruits Supply Chain Efficiency through providing Support in the Initiation of a Modern Distribution Center***

**Objective:** Improve linkages in the supply chain through modern distribution center.

**Activity Summary:** The enhancement of supply chain linkages and higher finalization of products will be possible only if a larger investment is made in a modern center for post-harvest handling and storing of fresh fruits. A proven agribusiness integrator and one of the biggest producers of table grapes in the area Permindex (Vardar Gradsko) expressed interest and demonstrated commitment in establishing a modern post-harvesting and logistics center in the area. Thus, AgBiz, through FF&V LF EPI Centar, developed an activity to support construction of a modern distribution center that will help ensure quality, improve linkages in the supply chain and extend the sales season for table grapes and peach producers in the region of Rosoman.

The LF engaged a team of two international technical experts in post harvesting technologies and fresh fruit supply chain management to conduct an in-depth analysis of production capacity, current production technology, performance of fresh fruit farmers/suppliers, product characteristics, and production practices. The experts visited the LA Permindex for initial analysis and field data collection. The experts are expected to develop a construction layout design and projections related to needed investment in terms of operational capacity and buyout processes for a modern post-harvesting and distribution center for table grapes and peaches. During their second visit in April, they will present the concept blueprint and recommend the design of the process including optimal logistics solutions, transportability of goods and time efficiency. At the end of March, experts arranged for LA Permindex (Vardar Gradsko) representatives to visit Delta Agrar and Nektar from Serbia and observe fully functional and well established distribution centers.

**Activity Cost:** Total Cost: \$22,060; AgBiz Share: \$10,760 or 49%

## 1.2.2 Environmental Protection

**Possible Negative Environmental Impact:** EPI Centar with support from AgBiz Program ensured that all relevant Subcontractors, STTAs and LAs understand all major FF&V production constraints and follow IPM and pesticide recommendations found in the 2012 Macedonia AgBiz Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP). LF and LAs involved in these activities have received training supported by AgBiz on safe use of pesticides and made sure that all Subcontractor trainers, field extension staff and staff who interact with farmers followed PERSUAP conditions:

- Use pesticide label-recommended Personal Protection Equipment for applying all pesticides.
- Do not use pesticides containing Active Ingredients that are not Macedonia, EU, Environmental Protection Agency (EPA) or PERSUAP approved;
- Use pesticide safe use practices, training and safety equipment following GLOBAL Good Agricultural Practice (GLOBAL G.A.P.);
- Using FFRM network promote the reduction of pesticides use in the production

It was determined that implementation of some of the phases of the following activities could have negative Environmental Impact: “Support to the sustainable and continuous domestic production of high quality, certified, market demanded fruit planting material”, “Support for the establishment and cultivation of the intensive apple orchard in Prespa and promotion of the market demanded varieties through demonstration plot”, “Analysis of experiment results from different post harvesting techniques for various apple varieties”, and “Improvement of the fresh fruits supply chain efficiency through providing support to the initiation of a modern distribution center”.

**Recommended Mitigations Measures:** For each of the activities determined as having potential negative Environmental Impact, for all related activities this quarter, EPI Centar engaged experienced technical experts to ensure implementers follow the PERSUAP and guidelines provided at the training regarding the use of pesticides and other chemicals. Throughout the implementation of these activities, technical experts advised LAs and their farmers on the application of production and plant protection techniques and made sure that the substances used were in accordance with PERSUAP and with the European regulations for efficient and sustainable use of pesticides and preservatives. Recommended mitigation measures were provided to all LAs and farmers that have been participating in the activities identified as having possible negative environmental effects. For all activities under this component pesticides containing any of the Active Ingredients forbidden in the PERSUAP were NOT promoted or used in conjunction with USAID resources.

**Implementation Status:** In Progress

## 1.2.3 Activities Planned for the Next Quarter

The FF&V VC activities listed below are planned to be completed during the next Quarter (*For more details on Activities’ objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Monitoring of the VCs performance through FG discussions;
- Support to the sustainable and continuous domestic production of high quality, certified, market demanded fruit planting material;
- Support for the establishment and cultivation of the intensive apple orchard in Prespa and promotion of the market demanded varieties through demonstration plot;
- Analysis of experiment results from different post harvesting techniques for various apple varieties;
- Cost benefit analysis of the use of alternative heating systems;
- Guidelines for the promotion of environmental friendly technologies for pepper production and post-harvesting operations; and
- Improvement of the fresh fruit supply chain efficiency through providing support in the initiation of a modern distribution center.

## 1.3 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR PROCESSED VEGETABLES

The latest official data for 2012 confirmed that the industry performance results in terms of export sales but also buyout quantities of raw material from farmers and volumes of produced processed vegetables for this year surpassed the figures (export volume of processed vegetables of 32 thousand tons and value of 33.5 million Euros) from 2011 by approximately 10%. In 2012, the number of active Fruit and Vegetables processing companies in the country remained the same as in 2011; 22 companies processing only vegetables, while 15 companies are processing both groups of agricultural products and only 4 enterprises are involved solely in fruit processing; in total 43. Around 90% of the overall production is vegetable processing. The largest portion of processors (31) are involved in canning, seven have freezing capacities and only two are involved in drying, while the rest of them (three) have combined production lines. Though many companies are exploring opportunities to export to central and north-east European countries as well as to overseas markets, regional markets jointly contributed 38.6% of total volume and 41.4% of the overall value of exports, thus remaining the main export destinations for Macedonian processed F&V.

The industry employs 1,179 full time employees and 3,353 seasonal employees, most of which are from rural areas, skilled in handling agricultural products. The process of engaging and releasing seasonal employees significantly influences industry performance and overall competitiveness. During the last period, MAP as the most relevant industry representative, held intensive dialogue with the GoM on the status of seasonal employees and managed to contribute to the relaxation of very strict regulations regarding seasonal employment. The association continued lobbying with the Macedonian Bank for Development Promotion and other financial institutions to encourage more favorable financing for the processing industry, particularly for working capital during the season.

MAP but also non-MAP members actively participated in the process of developing the Sector Export Marketing Plan (SEMP) for PF&V, supported by AgBiz and the Dutch Centre for the Promotion of Imports from Developing Countries (CBI).

Due to the favorable climate conditions this season, production satisfied the processing industry's need for raw material. However, the industry expects limited availability of raw materials will be one of the main challenges for future growth of the industry.

### 1.3.1 Activities Completed during the Quarter

#### *Facilitation/Implementation of Contract Farming (Second Phase)*

**Objective:** To strengthen the competitiveness of the PV VC and their products on local, regional and international markets, through support of the mutual long term planning practices based on accurate and up-to-date information on production costs and market trends.

**Activity Summary:** During the reporting period, the LF and subcontractor FACE were focused on implementation of the second set of actions: direct technical assistance to farmers under contract to improve agricultural practices and optimize the cost of production and collection, processing and analyzing data related to production costs and supporting farmers in the negotiation process of establishing contracts for the forthcoming season. The Plant Production/Protection Specialist provided training on utilization of production guidelines including selection of seed, production of seedlings and plant protection followed by environmentally sound technologies based on protection techniques and chemicals that are recognized and approved by respective national and EU authorities and are in compliance with the PERSUAP developed. Engaged STTAs monitored the status of the horticulture production season, quality of seedlings produced and implemented production technologies. They have facilitated production specialists and assigned FFRM staff in the collection, collating and analysis of data from selected farmers. The subcontractor, FACE, in close cooperation with MAFWE, MAP and FFRM, coordinated meetings with selected farmers and participating LAs (Vipro-Gevgelija, Dentina - Strumica, Vori-Gevgelija, Univerzal Promet-Kocani, Green Product-Tetovo) to support information exchange

regarding the progress of the production season and expected results. Reports on farm production costs analyses for 2013 will be used as a basis for implementation of the third phase.

**Activity Cost:** Total Cost: \$52,000; AgBiz Share: \$25,000 or 48%

### ***Production of New Pepper Variety for Processing – Yellow Pepper***

**Objective:** To improve processing activities of PV VC members, strengthen competitiveness of the PV VC and further secure and improve income generation of the primary producers.

**Activity Summary:** After obtaining yellow pepper seeds from the seed institute in Bulgaria and developing the production plan to secure higher yields but also enable production of early and late varieties of peppers, the experts from the Center for Applied Research and Permanent Education in Agriculture (CIPOZ) in coordination with Vege Fresh and LAs completed final selection of the yellow pepper variety. They organized a round table with interested farmers/primary producers primarily from Vege Fresh cooperative to start production of the new product – yellow pepper for processing by LAs Dentina and Lars- and distributed the seeds to members of VegeFresh cooperative. CIPOZ experts delivered training on production techniques and provided constant monitoring and on-site production assistance to farmers. The activity will allow primary producers to supply the industry with more raw material (peppers) over a longer time period and to contribute to extending the processing season and improving capacity utilization of the companies.

**Activity Cost:** Total Cost: \$20,283; AgBiz Share: \$10,328 or 51%

### ***Integrated Business Solution for Enterprises***

**Objective:** To improve PV VC companies' competitiveness through introduction of advanced integrated business solution.

**Activity Summary:** Development of Integrated (IT based) solutions consists of two interlinked and mutually dependent parts. The first part is Business consultancy and focuses on helping three LAs: Lars, Rudine and Altra to prepare themselves for the development and implementation of an appropriate software solution. The selected business consultant finished the initial planning, team members preparation and developed comprehensive technical reports including evaluation of resources and control structure, business processes mapping and identified existing shortcomings, management processes and obstacles in the work flows needed by the three PV VCLAs. He designed the Terms of Reference (ToR) for an IT vendor that will be engaged to develop an integrated business solution software. Once prepared, the ToR was submitted for review and possible enhancement by Macedonian Chamber of Information and Communication Technologies (MASIT). After finalizing the ToR and developing an Request for Proposal (RfP) it is envisioned LAs will identify the best vendor to develop the tailor made integrated solutions package that will improve their management of resources and internal processes, improve cost allocation and reduce unnecessary expenditures for creating stocks and allow them to embrace advanced management practices. Overall, the activity should significantly increase efficiency and competitiveness of the three VCLAs and present a benchmark for other companies within the VC.

**Activity Cost:** Total Cost: \$21,000; AgBiz Share: \$7,500 or 36%

### ***Study Tour for Producer Organizations/Producer Groups for Farmers in Selected EU Country (Hungary)***

**Objective:** Contribute towards establishment and strengthening of agricultural organizations in the horticulture sector, strengthen the representation of the farming community and increase their quality and quantity of offered horticulture products for the processing industry.

**Activity Summary:** The study tour was designed to enable direct exchange of experiences and obtain details related to the establishment and functioning of successful Producer Group (PG) and Producer Organization (PO) in the horticulture sector. Under supervision of MCG, FFRM (as a subcontractor) organized the implementation of the study tour to Hungary, coordinated local follow-up working sessions and disseminated information to the members of the MAFWE's sub sector group. Hungary was selected as a preferred destination for the study tour due to similarities in prospects and constraints within the

horticulture sector in both countries comprised of large number of producers with fragmented production. The agenda for the planned study visit to Hungary was prepared in close cooperation with the Ministry of Rural Development of Hungary and the Macedonian Embassy in Hungary. Representatives from MAFWE, selected PV VCLAs, representative of the MAFWE sub-sector group for horticulture, FFRM and FFRM members participated on the study tour. Meetings with the Hungarian Chamber of Agriculture, Producer groups in the horticulture sector of Hungary, National Association of Hungarian Farmers Societies and Co-operatives, and DélKer TЭСZ Producers Organization were very beneficial. The advanced Hungarian model for governmental support to marketing initiatives in the agribusiness sector, for horticulture products (fresh and processed) in particular could be used as a role model for future adjustments of the existing governmental support to respective initiatives on a national level in Macedonia. Some of the main conclusions that were discussed during the local follow-up working sessions included the necessity of raising the awareness of Macedonian farmers regarding the advantages of an organized market approach and economically driven associations, the initiation of activities that will support functional agricultural cooperatives that would later be transformed into recognized PGs/POs and the need for continuous lobbying to the MAFWE to complete a framework of bylaws for enabling the process of establishment, recognition and support to PGs/POs.

**Activity Cost:** Total Cost: \$32,000; AgBiz Share: \$20,000 or 63%

### ***Organizing a buying mission of Russian importers in Macedonia (Three-month Follow-up)***

**Objective:** Meet with relevant Russian importers of processed vegetables and to present processing facilities and opportunities for future business cooperation.

**Activity Summary:** After the successful visit of five representatives from 3 Russian companies from Tambov region (OOO Vegeteks, OAO Tambov-Mir and OOO Derzhavin) to Macedonia and direct B2Bs with PV VCLAs from Gevgelija and Strumica region (Vipro, Vori, Pjadakov, Agrokomerc 92, Trgoproduct, Dentina, Lars, Bonum Plus and Tehnoalat) business talks continued regarding potential partnership relations. A three month follow-up evaluation in February, 2013 confirmed that two of those contacts turned into contracts. Bonum reported signing one new contract for 17,000 Euro (22,000 \$ US) for export of pepper based products whereas Trgoproduct managed to sign one new contract for export of ajvar to Russia with the value of 30,000 Euro (39,000 \$ US). Although no new contracts were reported by other LAs, all of them expressed strong appreciation for the activity and stated that they will continue intensive coordination with Russian potential partners and seek future export sales opportunities.

### ***Organizing Presentations and B2Bs in Sweden and Lithuania***

**Objective:** Increase participants knowledge on Lithuanian and Swedish markets for processed vegetables and meet with relevant potential buyers to promote Macedonian processed products.

**Activity Summary:** Five PV VCLAs took part in the organized study tour / presentations and B2B in Sweden and Lithuania. Participants visited several of the most relevant importers, distributors and retailers of canned products in Sweden and conducted specialized promotions and visited major retail stores (domestically and foreign owned) in Lithuania. Participating companies identified considerable opportunity for increased exports of Macedonian processed products to these markets. Apart from traditional canned vegetables, a strong possibility for the export of higher-value-added products such as cherry peppers and homemade style ajvar was recognized. However, domestic companies will have to re-evaluate existing practices, and develop a new approach and sound marketing strategy. Pre-selected food importers/distributors should be capable of handling and distributing larger volumes of Macedonian PV products. Taking into consideration the size of the Swedish market, Macedonian PV manufacturers will have to update their marketing and promotional strategy in order to position themselves as suppliers of higher value added products, rather than suppliers of low cost PV products to the ethno segment. The events organized in Sweden resulted in receiving orders in a total value of \$117,000 US (Vipro 54,600; Lars 46,800 and Vori 15,600) thus proving that presented products were highly valued by the buyers/importers.

The promotional and B2B events in Lithuania were organized in cooperation with Event management LT. Products were presented to targeted narrow groups of food importers/distributors in Vilnius and in Kaunas. Product tastings were followed by detailed discussions between the LAs and the Lithuanian importers/distributors. These tastings confirmed the quality of the products but targeted importers explained that Macedonian PV products are not recognized on Lithuanian market hence there is a need for stronger marketing and promotional support at all levels in order to achieve wider recognition.

All participating companies agree that it is vital to continue with regular contacts with distributors from Sweden and Lithuania. Further implementation of upgraded food safety standards such as International Featured Standards (IFS) and environmental standards such as International Organization for Standardization (ISO) 14000 will serve as very strong promotional tools for domestic companies to prove their competitiveness and professionalism. Based on initial inquiries, Macedonian companies will send additional

samples to potential customers and will await their feedback. Internal coordination among the participants will also be very important in order to assess the possibility to meet potential buyers' expectations. The knowledge and new information acquired during this activity will be shared with other VC members (for example on the next MAP meeting) so that all VC members understand the challenges when approaching or negotiating with importers from Sweden and/or Lithuania.

*(For more details, please see "Activity Result Report Organizing Presentations and B2B in Sweden and Lithuania" included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$30,475; AgBiz Share: \$15,738 or 52%

### ***Training Program for Farmers for Improved Agricultural Practice***

**Objective:** Increase primary producers' knowledge on savings and other benefits from adoption of improved agriculture practices, productivity and quality control in vegetable production.

**Activity Summary:** Training implementation plan and training related brochure developed, the activity is ongoing.

Four out of five training sessions envisaged were organized in different locations with the participation of approximately 20 – 25 persons per training. The last training is scheduled for mid April 2013. Advanced training methods were deployed to effectively present the recommended production technologies and accompanied cost/benefit analyses. Furthermore, case studies and examples regarding open field vs. production under plastic tunnels (controlled environment) and drip irrigation (fertilization) vs. traditional irrigation were also developed and presented. All best practices and key lessons learned regarding costs savings and practical recommendations for improved productivity and competitiveness of farmers through use of drip irrigation and production under plastic tunnels were included in a comprehensive technical brochure. The brochure will be disseminated through FFRMs network, web site and Moja Zemja magazine to a much wider audience.



*(For more details, please see “Brochure on Pepper Greenhouse Production” included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$15,000; AgBiz Share: \$10,000 or 67%

### ***Visit to International Fair Detrop***

**Objective:** Increase the knowledge on latest food products, processing technology and equipment of PV VCLAs.

**Activity Summary:** Detrop, one of the biggest by-annual agricultural exhibitions in South – Eastern Europe, provides information, promotes food products and production technology and is considered by PV VCLAs as an excellent opportunity for identifying new production trends, products and potential suppliers of production inputs. More than 600 companies from 17 countries exhibited their products and services at Detrop 2013, which makes this fair one of the key agribusiness events in South Eastern Europe. Hence, 4 representatives of PV CLAs (Dentina, Trgoproduct, Univerzal promet and Altra) visiting Detrop offered an excellent opportunity for the participants to get acquainted with the new and/or improved PV products and processing equipment and technology.

The participating companies managed to hold 5-7 individual and group meetings during the fair visit. Due to the interest of PV VCLAs to invest in new and/or to upgrade their existing production capacities, it was agreed that Bigtem representatives will visit Macedonia to discuss with interested companies their equipment-related needs, ways of financing and discuss the possibility of making IPARD funds available for that purpose.

After the visit, it was concluded that there is an increasing trend for higher automation in vegetable processing and production. Automatic trimming and coring of peppers is a considerable advancement in processing since it reduces/eliminates the need for the engagement of direct labor for extraction of seeds after the roasting of the raw material. It also enables continuous production process and hence increases efficiency of the processing facilities. Possibilities for acquiring and installing new equipment should be further explored, including financial requirements and investment needs compared to traditional production processes that are still dominant amongst domestic PV VC members. In addition, a growing trend for the reduction of size of PV products was noted. The main Greek manufacturers of PV products use 500 gr. or 580 gr. glass containers for pickled products and 190 gr., 330 gr. and 450 gr. glass containers for roasted peppers, pastes and spreads. The standard packaging of Macedonian producers (720 ml. glass jar) is rarely used or promoted by key regional producers of PV products. It is expected that this trend will continue since international buyers are demanding smaller and more convenient sizes of the food products that they consume. Both PV VCLAs and PV VCLF collected relevant promotional materials and contacts in order to make them available to other PV VC members and other relevant stakeholders.

*(For more details, please see “Activity Result Report “Visit to international fair Detrop” included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$1,593; AgBiz Share: \$505 or 32%

## **1.3.2 Environmental Protection**

### **Possible Negative Environmental Impact:**

MCG with support from the AgBiz Program ensured that all relevant Subcontractors, SITAs and LAs understand all major FF&V production constraints and follow IPM and pesticide recommendations found in the 2012 Macedonia AgBiz PERSUAP. LF and LAs involved in these activities received training on safe use of pesticides and made sure that all Subcontractor trainers, field extension staff and staff who interact with farmers followed PERSUAP conditions:

- Use pesticide label-recommended Personal Protection Equipment for applying all pesticides;

- Do not use pesticides containing Active Ingredients that are not Macedonia, EU, EPA or PERSUAP approved;
- Use pesticide safe use practices, training and safety equipment following GLOBAL G.A.P.;
- Using FFRM network promote the reduction of pesticides use in the production.

It was identified that implementation of some of the phases of the following activities could have negative environmental impact: “Facilitation/Implementation of Contract Farming (Second Phase)” and “Production of New Pepper Variety for Processing – Yellow Pepper“.

### **Recommended Mitigations Measures:**

#### **Facilitation/Implementation of Contract Farming (Second Phase)**

A Plant Production/Protection Specialist (subcontracted by FACE) delivered training on the production of seedlings and developed detailed production protocols per horticulture product, and trained the production specialists and FFRM staff in providing permanent support to the field activities. Production specialists along with FFRM staff continuously monitored the production plots and provided advice to targeted famers. The Production and plant protection expert verified the records on possible diseases and pests that could be encountered and recommended and monitored use of chemical protection. Pesticides containing any of the Active Ingredients (AI) forbidden in the PERSUAP AI (look at the pesticide bottle label) were NOT promoted or used with USAID resources.

**Implementation Status** On-going

#### **Production of New Pepper Variety for Processing – Yellow Pepper**

CIPOZ experts supported LAs in acquiring the seeds and distribution of seeds by Vege Fresh to the interested producers. In coordination with Vege Fresh and Las, the LF developed a production plan for introducing new variety(ies) by selected primary producers – members of Vege Fresh [following Integrated pest Management (IPM) and pesticide recommendations found in the 2011 Macedonia AgBiz PERSUAP] to optimize productivity, allow farmers to increase their yields and to diversify their production. CIPOZ provides continuous on-field training on technologies to be applied, including production and planting of seedlings and production of peppers, and monitors the process and tracks records on each step of the vegetative cycle. CIPOZ fully coordinates involvement of FFRM field experts/agronomists in providing direct assistance to farmers. Pesticides containing any of the Active Ingredients forbidden in the PERSUAP (AIs, look at the pesticide bottle label) were NOT promoted or used with USAID resources.

**Implementation Status** On-going

### **1.3.3 Activities Planned for the Next Quarter**

The PV VC activities listed below are planned to be completed during the next Quarter (*For more details on activities’ objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Facilitation / implementation of contract farming (Final Phase)
- Production of new pepper variety for processing – yellow pepper (Final Phase)
- Integrated business solution for enterprises (Final Phase)
- Study tour for POs/PGs for farmers in selected EU country (Final Phase)
- Study tour and B2B events in Austria & Germany
- PV VC performance survey for 2012

## **1.4 SUPPORT FOR INVEST MACEDONIA**

The key objective of this component is to support Invest Macedonia (IM) to build its export promotion capacity. AgBiz work under this component is designed to help develop IM export promotion programs that benefit AgBiz supported value chains and enhance Invest Macedonia’s internal capacity. AgBiz also closely coordinates with the USAID-funded IDEAS project and other USAID-supported activities aimed at building Invest Macedonia Export Promotion capacity, institutional development, and the creation of a model institution through the introduction of two export promotion functions by Invest Macedonia i.e. business development and market information functions.

## 1.4.1 Activities Completed during the Quarter

### ***Capacity Building Training for Invest Macedonia Staff***

**Objective:** Continue with the process of training and education of Invest Macedonia staff in order to improve their knowledge and skills in export promotion of agriculture products, particularly from the two supported value chains. The activity also contributed to institutional development of the Agency for Foreign Direct Investment and Export Promotion of the Republic of Macedonia, as well to its overall organizational efficiency.

**Activity Summary:** Invest Macedonia is a dual function agency responsible for export promotion and investment servicing and aftercare. Invest Macedonia is directly linked with TIDZ. The responsibilities of the TIDZ Directorate include provision of aftercare services to companies located in the TIDZs. Development of an efficient Agency and Directorate capable of successfully implementing these functions is directly dependent upon the level of knowledge and skills of their staff members. Accordingly, training the Agency's export department staff and TIDS staff is of crucial importance for the creation of efficient investment and export promotion services. Hence, based on diagnosed shortcomings, USAID AgBiz Program in close coordination with IDEAS Project, developed training to strengthen the capacity of the employees of Invest Macedonia and the TIDZ Directorate. From 13<sup>th</sup>-15<sup>th</sup> March 2013 in hotel Radika, AgBiz and IDEAS organized capacity building training for the employees of Invest Macedonia and the TIDZ Directorate to enhance their ability to carry out their responsibilities to promote Macedonian exports at targeted markets, and to support foreign investors that have established operations in the country. The Activity also contributed to the process of institutional development of Invest Macedonia.

*(For more details, please see "Activity Result Report Training for Invest Macedonia staff – March 2013" included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$11,350; AgBiz Share: \$3,100 or 27%.

### ***Regional Agribusiness Forum in Macedonia***

**Objective:** Create contacts and explore possibilities for expanding trading relations with importers from the region and increase export of agribusiness and food products from Macedonia.

**Activity Summary:** This Activity was designed in close cooperation with USAID Regional Competitiveness Initiative (RCI) to respond to the needs of Agribusiness companies from Macedonia, Bulgaria, Albania, Kosovo, Serbia, Bosna and Herzegovina and Montenegro to increase opportunities for cross border cooperation with potential buyers in the Region and develop potential new entry points to these markets in the next period. A Regional Agribusiness Forum in Skopje to be held on 29<sup>th</sup> May 2013 will address challenges towards EU accession; trade relations within Central European Free Trade Agreement (CEFTA), trade-logistic barriers, export promotion, market entry and export preparedness of companies in the region for exporting to larger and more demanding markets. AgBiz together with RCI developed the draft Agenda and coordinated initial meetings with USAID CORs, other USAID Projects (IDEAS, Adaptation of agribusiness to Climate Change and SBEP) and Invest Macedonia to discuss preliminary topics and IM's inclusion and contribution at the forum. AgBiz also held a meeting with Invest Macedonia Export Promoter in Sofia responsible for economic relations with Bulgaria and Serbia and agreed on preparatory steps. The Program will coordinate with IM management as a counterpart in organizing the B2B at the Regional Agribusiness Forum in Skopje. Through its export promoters, the Agency will invite the most relevant supermarkets, wholesalers, processors, producers, traders and exporters from the Region to take part at the B2B. The export promoter in Hungary will assist in securing the participation of representatives from large supermarkets from those countries at the Forum. Invest Macedonia supported by IDEAS will present the Export promotion portal as a tool for matchmaking between companies.

**Activity Cost:** Total Cost: \$10,799; AgBiz Share: \$1,217 or 11%.

## 1.4.2 Activities Planned for the next Quarter

The Activities listed below are planned to be implemented or completed during the next Quarter. The planned support to Invest Macedonia for capacity building regarding export promotion depends on the Agency's available budget to directly support export promotion activities and further development of the internal structure to carry out their export promotion function. (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Regional Agribusiness Forum

## 1.5 STRATEGIC PLANNING AND POLICY MAKING AT MAFWE AND SPECIAL OPPORTUNITIES FUND

The goal of this component is to strengthen the MAFWE's strategic planning and policy capacity. The specific objective is to help the Minister's cabinet and relevant departments achieve strategic and long-term results by creating firm legal ground that enhances the competitiveness of Macedonian Agriculture. AgBiz is using the Special Opportunities Fund as a flexible resource that allows for creativity and taking advantage of new opportunities as they arise. This gives AgBiz an opportunity to contribute to agribusiness development through work with MAFWE and the GoM on strategic documents and to increase their technical capacity. AgBiz, in coordination with MAFWE, established precise objectives and expected outcomes of this cooperation. SoWs are developed as planned and consultants for implementing approved work are selected in consultation with MAFWE.

MAFWE recognizes AgBiz as a partner on issues regarding developing specific agribusiness laws and regulations and/or as a voice for the private agribusiness sector.

### 1.5.1 Activities Completed during the Quarter

During this quarter the preparation of three rulebooks regarding the new law on wine was initiated as part of the activity to Support MAFWE in the preparation of relevant secondary legislation in this area. The activity is expected to be completed in the following quarter.

### 1.5.2 Activities Planned for the next Quarter

The Activities listed below are planned to be implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Support in preparation of secondary legislation based on the recently adopted laws related to the agricultural/wine sector.

## 1.6 POLICY AND INSTITUTIONAL REFORM NEEDS IDENTIFICATION, PRIORITIZATION AND ANALYSES

The main objective of this component is to identify and prioritize the Policy and Institutional Reform Needs (PIRNs) and involve private and public sector representatives in facilitating the process of addressing the issues with assistance from AgBiz and relevant consultants as a Short-term Technical Assistance. It is expected that the AgBiz Lead Facilitators and other partners such as the MAFWE and scientific institutions, through their daily communication with the industry and primary producers, will play a major role in comprehending the problems and selecting the most feasible issues to be addressed and solved. Each PIRN will be addressed by engaging AgBiz staff or consultants as necessary.

## 1.6.1 Activities Completed during the Quarter

During this quarter the following PIRN were addressed and/or completed:

### ***Lack of implementing Procedures of Good Agricultural and Hygiene Practices as Precondition for Future State Support Policy***

**Objective:** The objectives of this activity necessitate evaluation of the existing Code of Good Agricultural Practices (GAP) and other relevant regulation; the development of an applicable set of administrative requirements by agricultural sub-sectors, the amendment of the Code of GAP, and organization of public debate on the Code of GAP.

**Activity Summary:** Several meetings were organized with MAFWE representatives and desk research was performed in order to identify all relevant legislation and regulation in the region and EU. As a result, a draft list of conditions for Good Agricultural Practices has been developed.

In February 2013 the Development of implementing procedures of Good agricultural and hygiene practices was finalized. The document was presented on Public debate organized in cooperation with MAFWE in front of 39 participants including the Minister of Agriculture, Mr. Ljupco Dimovski. The recommendations and suggestions from the participants were taken into consideration in the process of finalization of the document. The document passed the governmental procedure and was published in Official Gazette of Republic of Macedonia.

**Activity Cost:** Total Cost: \$8,800; AgBiz Share; \$7,800 or 88%

### ***Lack of Functional Scheme for using the Agricultural Insurance as a Product for Farmers***

**Objective:** The objective of this activity was to develop recommendations for improved utilization of the crop insurance scheme in the Republic of Macedonia.

**Activity Summary:** On February 28th, Innovation Center in collaboration with CeProSARD and MAFWE organized an educational event in Skopje, at the MAFWE. The Minister of Agriculture opened the event, expressing his support for AgBiz's activity to educate farmers on the available financial products and agricultural insurance, as a proven risk-transferring method. The organizations hosted 48 participants, ranging from farmers, companies, associations, institutions and free-lance experts, who contributed to the discussions.

The key topic of the event was agricultural insurance, with a special focus on a study recently prepared by the Innovation Center "Development of a recommendation for an Insurance scheme". The research induced a strong discussion and an exchange of opinions on what actually exists on the global insurance market, its relative availability in Macedonia, and tackled the roles and relationships of the three relevant key players on this topic, being the state, the farmers and the Insurance companies.

The participants collected information on the benefits the Government offers to the farmers through MAFWE i.e. new laws, programs and other opportunities. In addition, they received brochures on the Innovative Financial Instruments in Agriculture, brochures on crop insurance, brochures of the credit lines and other information available at the event.

**Activity Cost:** Total Cost: \$5,400; AgBiz Share; \$3,900 or 72%

## ***Other PIRNs identified this Quarter***

### ***Imposed Phytosanitary Registration for F&V Processing Companies***

According to the Plant health protection law from 2005 (published in official gazette of Republic of Macedonia issue no. 29/2005) all importers, traders, processors and distributors of seeds and planting materials must be registered in the phytosanitary registry within MAFWE. Also, all of the above mentioned entities must comply with the law requirements, including employment of qualified agronomist with a phytosanitary role within their companies, basic preconditions related to their facilities, etc. The State Agricultural Inspectorate recently started to visit F&V processing facilities to advise the companies to start activities in order to comply with this legislation, even though all processing facilities in the country are not involved in imports and trade with seeds and planting materials. The PV VC members share the opinion that the initiatives of MAFWE in this case are unnecessary and not related to their current business operations.

### ***MAFWE's Initiative for National Campaign for Promotion of Agri-food Products***

According to the plans of MAFWE, the Ministry would like to launch a campaign aiming to increase consumption and sales of domestic agricultural and food products to both local and international markets. In addition, the products that would meet certain specifications would be eligible to be tagged with a "Macedonian sun" symbol. The symbol would be the same for any type of products so it would be difficult to create relation with any competitive advantage of PV products. Therefore, according to PV VC members, there is no need to develop a separate tag for particular products that would meet new specific criteria. Once the products are approved to be sold on domestic and international markets, it means that market criteria are met. Also, for specific products, such as homemade style ajvar, a standard recipe has been developed by MAFWE in cooperation with MAP members. Domestic consumers are aware of the PV products and feel that the effect of such a campaign on domestic consumption would be minimal. For international markets, many feel that campaign(s) promoting the Macedonian sun tag would also have limited effects due to the fact that it would take long time and very extensive budget to increase awareness of international consumers in the meaning of the Macedonian sun tag. The opinion of PV VC members is that we need general country recognition first rather than insisting on special logos and tags.

## **1.6.2 Activities Planned for the next Quarter**

The financial resources for the PIRN component are exhausted, but if there is a burning issue relevant to this component, AgBiz will seek for ways for addressing it before the LoP. The Subsector Groups under MAFWE as a legacy of AgBiz may take over the addressing any new issues identified.

## **1.7 PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT**

The project objective is to further increase the organizational and advocacy capacity of private sector associations, and to develop a base and effective methodology for efficient and effective public private dialogue, thus creating successful policy and institutional reform initiatives and measures that will reduce constraints to increased VC productivity and competitiveness. Three expected results will contribute to achieving the general objective:

- Increased capacity of VC participants umbrella associations, trade and producers organizations to enhance dialogue with relevant GoM bodies to address strategic, policy and institutional issues;
- Increased capacity of relevant GoM bodies to establish appropriate environment for dialogue and functional channels to address policy issues that will improve the business environment for FF&V and PV VCs.

- Established foundation for regular cooperation through launching channels for effective and efficient policy dialogue among VC representatives and GoM bodies in the process of developing policy and institutional reforms through support of the subsector standing groups.

During the implementation of the project, delay of some of the activities has been noted, especially with the Training of MAFWE employees on maintenance of the on-line tool, due to the engagement of the employees during the pre-election period. Nevertheless, the activities will be completed at beginning of April 2013.

### 1.7.1 Activities Completed during the Quarter

#### *Continuing the Process of Capacity Building of VC Participants and Representatives of GoM Institutions*

**Objective:** Increased capacity of VC participants, umbrella associations, trade, producer organizations and GoM employees in order to enhance dialogue related to strategic, policy and institutional issues.

**Activity Summary:** During the reporting period, 5 training sessions were organized, including 144 participants:

- A workshop for revision of the national support programs and the IPARD Program by all stakeholders was held. The workshop was organized in Strumica on February 19-20, 2013 with the participation of 32 VC and MAFWE representatives. The proposal was presented to the Minister for Agriculture, Forestry and Water Economy. The official proposals for the modification of the programs generated during the workshop will be drafted and submitted to MAFWE for the further proceeding.



PHOTO CREDIT: AGBIZ LF FOR PPD & ADVOCACY

**The Minister expresses his support to AgBiz' effort to educate farmers on the available financial products and the agricultural insurance, as a proven risk-transferring method**

b) In cooperation with the Innovation Center, a workshop on topics of Financing and insurance in agriculture was held with the representatives of MAFWE and farmers' associations on February 28<sup>th</sup> 2013. The objective of this workshop was to present and discuss available sources for financing and insurance in agriculture. The workshop was attended by 48 participants.

c) Effective planning and organization of meetings – a workshop was held on March 12<sup>th</sup> 2014,

with MAFWE representatives and representatives from VC organizations with attendance of 21 participants.

- Effective planning and organization of workshops – a workshop was held on March 13<sup>th</sup> 2014, with MAFWE representatives and representatives from VC organizations with attendance of 22 participants.

- Effective planning and organization of promotional campaigns – a workshop was held on March 14<sup>th</sup> 2014, with MAFWE representatives and representatives from VC organizations with attendance of 21 participants.

The last three training sessions were organized in hotel Sirius, Strumica in cooperation with Center for Institutional Development (CIRa) and are part of the training curricula identified within the training needs assessment in the first phase of project implementation.

**Activity Cost:** Total Cost: \$9,540; AgBiz Share: \$6,800 or 72%.

### ***Organizing Working Meetings on Different Fruits and Vegetables Related Topics***

**Objective:** The objectives of this activity is to enable quality communication and analysis of priority issues in order to bring joint recommendations for decision makers through the organization of workshops and working meetings of the Sub-sector Standing Groups (SSG) on different topics related to fruits and vegetables production, trade and processing, policy creation and other current topics of interest.

**Activity Summary:** In the reporting period, a meeting with the Secretaries of the SSGs for fruits and vegetables was organized in order to define, in detail, topics and the time frame for organization of the forthcoming events.

On 29th of March 2013, a meeting of the Subsector standing Group for fruits was organized with 12 members participating. During the meeting a proposal for the amendment of the National support programs and IPARD was agreed upon and issues regarding the current situation with sales of the apple production on local and export markets was discussed. It was agreed that at the next meeting of the SSG, a new president will be elected, due to the end of the mandate of the current one.

**Activity Cost:** Total Cost: \$3,920; AgBiz Share: \$3,100 or 79%.

### ***Regular Update of the On-line Tool for Sub-Sectorial Fruits and Vegetables Groups***

**Objective:** Update and promotion of the on-line information tool, train MAFWE employees for this process and official takeover of the information tool by the Ministry.

**Activity Summary:** Five coordination meetings regarding the information tool were held with the engaged Information Technology (IT) Company, CeProSARD and MAFWE employees from the IT and Agricultural Policy Analysis Department in order to define, in detail, the outline and access to all relevant information on the on-line tool. A working group has been established for regular coordination of the process regarding the adoption (taking over) of the tool, including representatives from different MAFWE departments: Public Relation Department, Policy Analysis Department, Marketing and food quality department, IT Department and Secretaries from the F&V Subsector Standing Groups.

In addition, a coordinator of the on-line tool and platform was appointed and a draft register of fruit and vegetable buyers was developed. The project developed Guidelines for usage of on-line tool as well as the procedures for flow of documents for all type of beneficiaries

**Activity Cost:** Total Cost: \$9,890; AgBiz Share: \$6,380 or 65%.

## **1.7.2 Activities Planned for the next Quarter**

The Activities listed below are planned to be implemented during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Organization of the round tables on Law on quality of agricultural products and related Rulebooks;
- Training of MAFWE employees on maintenance of the on-line tool;
- Taking over of the of the on-line information tool;
- Regular meetings with both target groups; and

- Meetings with Subsector standing groups for fruits and vegetables

## 1.8 DEVELOPMENT OF VC EXPORT STRATEGIES AND PLANS FOR THE FF&V AND PV VCS

The overall objective of this AgBiz component is to establish a process and develop Export Marketing Plans for both VCs that will enable a more coordinated approach to export promotion and will enhance the capacity of Invest Macedonia to facilitate and gradually take over management of Export promotion. The process will encourage involvement of PV and FF&V value chain stakeholders, Invest Macedonia, Government bodies and other relevant entities to assess and prioritize key export markets, and ensure export promotion plans are focused on agricultural products for which Macedonia has the biggest competitive advantage. Macedonia Export, as Lead Facilitator, works in close coordination with international and local experts from CBI.

### 1.8.1 Activities Completed during the Quarter

#### *Developing Sector Export Marketing Plans for FF&V and PF&V VCs – Activity Plan*

**Objective:** The objective of this activity was to organize separate workshops with stakeholders from both FF&V and PF&V VCs to develop the Action Plans for implementation of concrete export activities in the next period of 12 months for achieving the strategic objectives defined in SEMP for FF&V and PF&V.

**Activity Summary:** Based on the previous input and analysis, LF Macedonia Export in coordination with the CBI consultant developed Marketing Plans for each of the selected potential markets. Marketing Plans were presented to the main stakeholders including the Ministry of Agriculture and Ministry of Economy including complementary actions that are already in their pipeline and to solicit their additional input into the whole process.

On 26<sup>th</sup> and 27<sup>th</sup> February, the LF organized separate workshops with stakeholders from both FF&V and PF&V VCs to develop the Action Plans for implementation of the strategic objectives defined in the SEMP for FF&V and PF&V. During the workshops, the Macedonia Export team and CBI expert presented the draft Marketing Plans for each of the selected markets, analyzed data, facilitated discussions and recorded all input provided by the working group members. Participants from both VCs were asked to work on concretizing the strategic elements including the 4 P's (product, price, place/distribution, promotion) and develop Action Plans regarding how to successfully approach selected markets. Action Plans laid out a concrete proposal for export activities over the course of the next 12 months, expected results, a timetable for implementation and responsible parties. After the workshops, the LF conducted a series of additional consultations with all relevant stakeholders and finalized the Action Plans for both SEMP. Draft Documents were reviewed by the international CBI expert and AgBiz staff for further improvements. All revisions and suggestions were incorporated into the overall documents.

**Activity Cost:** Total Cost: \$15,417; AgBiz Share: \$8,641 or 56%.

### 1.8.2 Activities Planned for the Next Quarter

The Activities listed below are planned to be implemented during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

The LF started working on the preparation of the final, Wrap Up, workshop. The workshop will be organized on 29<sup>th</sup> April, in Skopje where final SEMP's will be presented to relevant GoM institutions and private sector actors as well as media representatives.

## 1.9 ENHANCED ACCESS TO FINANCE

Over the last year, the IPARD program became very popular in Macedonia, but more as a “buzz” word, than shown in practice. Companies are reluctant to use it, due to its overwhelming procedures, but also the cost of the new machinery they have to purchase (this is a “must” if using this source of funding). The companies can usually purchase used (second hand) machinery that is in very good condition for less than 50% of the cost of new machinery, so IPARD is often not a favorable option for them because it covers the cost only for new machinery.

The Financial Platform program (FP) and the Innovation Center (IC) will continue working on solving the constraints related to the demand and supply side of financial products.

### 1.9.1 Activities Completed during the Quarter

#### *Helping Companies Access Finance by Cost-sharing Services of the IC FP Pool of Financial Facilitators*

**Objective:** The objective of this activity is to help companies from AgBiz-supported VCs to successfully access finance through managing the pipeline of projects, ensuring that all results accomplished by FF are properly monitored and reported.

**Activity Summary:** This quarter the Financial Facilitators with IC's support helped 7 companies access finance in the total amount of 853,500 US\$. The total investment facilitated was 1,543,500 US\$.

**Activity Cost:** Total Cost: \$22,000; AgBiz Share: \$11,000 or 50%

#### *Educational Events for Farmers*

**Objective:** The wider objective of the educational events for the farmers' part of the FF&V and PV VC's is as follows:

- To communicate to a wider and relevant audience the identified issues impeding access to finance: bottlenecks and sustainable solutions;
- To identify businesses which need assistance in formulating their expansion and investment goals and in seeking access to external financing;
- To create a platform for exchange of information to overcome the ill-information dissemination and prevalent current mistrust amongst the local businesses and banks;
- To present sound business ideas from the business side, as well as innovative financing services from the banks side, thus creating possibilities for matchmaking between the access to finance demand and supply sides;
- To match Financial Facilitators and companies that would need their assistance

Ultimately, the educational events serve as matchmaking and networking opportunities for all access to finance stakeholders i.e. businesses, FIs and Financial Facilitators.

**Activity Summary:** This quarter the IC team co-organized two events.

On January 31st, Innovation Center was a co-organizer of an educational event in Resen, in close cooperation with Epi Centar and FFRM. Approximately 30 participants (both companies and farmers) from Resen and the Pelagonija region participated in the working group that had long and productive discussions on many relevant topics. Innovation Center's focus was on Agricultural Insurance (crop insurance) as a tool that will significantly ease access to finance for primary producers. The guest speakers and their topics were as follows:

Presenter	Topic
Ana Ambarkova, Innovation Center	Introduction to the AgBiz Access to Finance (AtF) component
Djuro Anastasovski, MAFWE	Government support to the farmers and crop insurance subsidies
Marina Smileska, Insurance Supervision Agency (ISA)	The benefits and procedures of crop insurance for the farmers and the relations with the Insurance companies
Anastas Dzurovski, Innovation Center Financial Facilitator (FF)	How to access the Financial Institutions and the influence of the crop insurance over the access to finance process for farmers

The participants collected information on the benefits the Government offers to farmers through MAFWE, the new 2013 budget allocation for subsidy program and rural development program for farmers, new laws and other policy's. In addition, they learned about the offer of Insurance companies regarding crop insurance, how to approach them, important information about their rights and obligations when purchasing an insurance policy, and most importantly, how essential is to be able to transfer the risk of unsuccessful yield and money lost due to "force major". The FF also presented the importance of insurance as an asset to Financial Institutions and the change of perception it adds on the farmer as a loan raiser.

The participants received copies of all presentations so that they have the information available to them at all times. In addition, they received brochures on the Innovative Financial Instruments in Agriculture and brochures on crop insurance.

The second event was co-organized with CeProSARD on February 28th at the MAFWE where, in addition to the main topics on financial instruments and the agricultural insurance, IC presented the study developed on the following topic: "Development of recommendation on the agricultural insurance scheme".

The Minister of MAFWE opened the event, expressing his support for AgBiz's activity to educate farmers on the available financial products and the agricultural insurance, as a proven risk-transferring method. The event hosted 48 participants, ranging from farmers, companies, associations, institutions and free-lance experts, who gave their contribution in the discussions. The research induced a strong discussion and an exchange of opinions on what actually exists on the global insurance market, its relative availability in Macedonia, and tackled the roles and relationships of the three relevant key players on this topic, being the state, the farmers and the Insurance companies. The guest speakers and their topics were as follows:

Presenter	Topic
Ana Ambarkova, Innovation Center	Introduction to the AgBiz AtF component
Gabriela Micevska, CeProSARD	Introduction to the work with the sub-sectorial groups and moderator
Perica Ivanovski, MAFWE	State subsidies in the agricultural insurance
Aleksandar Stanojkov, MBDP	Introduction to the credit line ADCF
Aleksandar Stanojkov, MBDP	Introduction to other agricultural credit lines offered by MBDP
Riste Andreevski, Pro Credit Bank	Agricultural credit lines, Pro Credit Bank
Anastas Dzurovski, FF of IC	How to access the financial institutions
Zarko Pop-Iliev, Innovation Center	Development of a recommendation agricultural insurance scheme
Darko Blazevski, ISA	Agricultural insurance overview

The participants received all presentations, so that they have the information available at all times. In addition, they received brochures on the Innovative Financial Instruments in Agriculture, brochures on crop insurance, brochures of the credit lines and others that were available at the event.

**Activity Cost:** Total Cost: \$4,500; AgBiz Share: \$900 or 20%

## 1.9.2 Activities Planned for the next Quarter

The Access to Finance activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Educational and Matchmaking Events for FF&V and PV VCs' Participants;
- On-going management of the AtF project pipeline.

## 1.10 PERFORMANCE MONITORING AND EVALUATION

Data collection, its quality assessment and reporting continued during this Quarter according to the previously established plan and implementation methodology.

### 1.10.1 Activities Completed during the Quarter

- Data collection of Indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities for CY 2012 from both AgBiz supported VCs' Lead Actors was coordinated, processed and its quality verified;
- Activity Post-Evaluation forms were obtained from LFs, data quality was assured and the matrix for tracking results achieved from Activities implemented during the reporting period was updated;
- Development of the FY'13 Second Quarter Report was initiated and input formats and guidance were provided to the LFs.

### 1.10.2 Activities Planned for the Next Quarter

- Continue monitoring and mentoring selected LFs to successfully implement data collection, tracking indicator achievements and follow reporting procedures, and
- Continue updating input and maintain the internal Management Information System to assure proper implementation of data collection methodology, data quality assessment and reporting.

### 1.10.3 Quantitative Performance Indicators

Progress toward achieving both qualitative and quantitative program objectives was very satisfactory during the Quarter. Achievements on quantitative performance indicators that are reported on Calendar Year and Quarterly basis are shown in Table 2 below. It can be noticed that 90 percent of the indicators are on-schedule or are being overachieved upon completion of this reporting period.

Both anticipated and actual results achieved in 2012 that are reported on Calendar Year basis are presented in the first two columns. The season was characterized by extremely favorable weather conditions, which allowed buy out of vegetables to be prolonged and continue until the end of November, while processing capacities remained active until mid-December 2012. As a result, the PV industry increased capacity utilization and produced 10% more finished goods as compared to 2011. Consequently, assisted LAs increased their buyout of raw materials exceeding the targeted value by 12% and managed to increase value of sales by 20% compared to the baseline.

The following four (4) columns present the Indicators that are reported on a Quarterly basis (their Past Performance, Achievements made during the reporting period, Cumulative results achieved during FY'13 and their Targets). Given the complexity of some of the Activities planned, the timeframe for their implementation is extended for more than one Quarter period. Accordingly, the outputs of these longer-term Activities will be delivered in the forthcoming period. For this reporting period, impact on selected Indicators is noted as "In Progress" and actual results achieved will be presented when Activities are completed.



**TABLE 2. PERFORMANCE INDICATOR ACHIEVEMENTS**

		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS				
	Performance Indicator	CY'12 (Jan 1–Dec 31, 2012) RESULTS	CY'12 (Jan 1–Dec 31, 2012) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'13 TO DATE	FY'13 (Oct 1, 2012–Jun 18, 2013) TARGETS	PERFORMANCE (in %)
<b>Overall Objective: Increased incomes for all types of participants in selected agricultural value chains</b>								
Indicator Number	Indicator Title							
Indicator 1.	Value of incremental sales (collected at farm– level) attributed to USG assistance (in USD)	\$2,231,596	\$1,988,489	N/A	N/A	N/A	N/A	112%
Indicator 2.	Percent change in value of total sales of targeted agricultural commodities	20%	17%	N/A	N/A	N/A	N/A	118%
<b>IR 1.1</b>	<b>Increased domestic and export sales resulting from the activities of local partners</b>							
Indicator 1.1.1	Value of sales of targeted agricultural commodities as a result of USG assistance (in USD)	\$40,035,017	\$39,057,346	N/A	N/A	N/A	N/A	103%
Indicator 1.1.2	Volume of sales of targeted agricultural commodities as a result of USG assistance (in MT)	46,628	44,580	N/A	N/A	N/A	N/A	105%
<b>Output Level Indicators</b>								
Indicator 1.1.1.1	Number of new varieties and products from the supported VCs developed	N/A	N/A	In Progress	1	1	5	20%
Indicator 1.1.1.2	Number of new exporters and new participants in the supported value chains	129	122	N/A	N/A	N/A	N/A	106%
Indicator 1.1.1.3	Number of export capacity enhancement activities for Invest Macedonia	N/A	N/A	2	1	3	3	100%
<b>IR 1.2</b>	<b>Improved competitiveness and productivity of targeted value chain participants resulting from the activities of local partners</b>							
Indicator 1.2.1	Number of private sector firms that have improved management practices as a result of USG assistance	N/A	N/A	271	64	335	325	103%
Indicator 1.2.2	Number of new technologies or management practices introduced	N/A	N/A	8	14	22	19	116%
<b>Output Level Indicators</b>								
Indicator 1.2.1.1	Number of formal delivery contracts made by supported VC participants	374	329	N/A	N/A	N/A	N/A	114%

TABLE 2. PERFORMANCE INDICATOR ACHIEVEMENTS

		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS				
	Performance Indicator	CY'12 (Jan 1–Dec 31, 2012) RESULTS	CY'12 (Jan 1–Dec 31, 2012) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'13 TO DATE	FY'13 (Oct 1, 2012–Jun 18, 2013) TARGETS	PERFORMANCE (in %)
Indicator 1.2.1.2	Total number of individuals who have received USG supported short-term agricultural training	N/A	N/A	367	706	1,073	1,056	102%
Indicator 1.2.1.2 a	Number of male individuals who have received USG supported short-term agricultural training	N/A	N/A	237	573	810	809	100%
Indicator 1.2.1.2 b	Number of female individuals who have received USG supported short-term agricultural training	N/A	N/A	130	133	263	247	106%
Indicator 1.2.1.3	Number of capacity-building service providers receiving USG assistance	N/A	N/A	10	12	22	27	81%
<b>IR 1.3</b>	<b>Strengthened strategic planning and policy making of GoM and private sector partners</b>							
Indicator 1.3.1	Number of policy reforms / regulations / administrative procedures drafted and presented for public / stakeholder consultation as a result of USG assistance	N/A	N/A	1	1	2	2	100%
<b>Output Level Indicators</b>								
Indicator 1.3.1.1	Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed	N/A	N/A	6	In Progress	6	8	75%
Indicator 1.3.1.1 a	Number of policy reform needs identified	N/A	N/A	4	2	6	6	100%
Indicator 1.3.1.2	Number of Sector Export Promotion Strategies developed	N/A	N/A	In Progress	In Progress	In Progress	2	N/A
Indicator 1.3.1.3	Number of advocacy capacity building activities implemented	N/A	N/A	2	7	9	15	60%
Indicator 1.3.1.4	Number of VC entities who have received advocacy capacity building training	N/A	N/A	16	23	39	46	85%
Indicator 1.3.1.5	Number of individuals who have received advocacy capacity building training	N/A	N/A	36	194	230	217	106%

**TABLE 2. PERFORMANCE INDICATOR ACHIEVEMENTS**

		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS				
	Performance Indicator	CY'12 (Jan 1–Dec 31, 2012) RESULTS	CY'12 (Jan 1–Dec 31, 2012) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'13 TO DATE	FY'13 (Oct 1, 2012–Jun 18, 2013) TARGETS	PERFORMANCE (in %)
<b>IR 1.4</b>	<b>Increased access to finance in the agriculture sector resulting from the activities of local partners</b>							
Indicator 1.4.1	Value of loans facilitated from non–DCA and DCA–supported finance institutions (in 000 USD)	N/A	N/A	3,650.47	808.50	4,458.97	3,500	127%
<i>Output Level Indicators</i>								
Indicator 1.4.1.1	Number of MSMEs and farmers receiving USG assistance to access bank loans or private equity	N/A	N/A	9	7	16	18	89%
Indicator 1.4.1.2	Value of customer financing need identified (in 000 USD)	N/A	N/A	68	306.8	374.8	270	139%
Indicator 1.4.1.3	Value of value chain participants investment stimulated (in 000 USD)	N/A	N/A	442	71	513	372	138%

#### 1.10.4 FY'13 Activities Implementation Status Report

Table 3 below shows the status of all Activities at the end of the Quarter, as well as the Activities that are in their final phase of their implementation (listed under the section entitled “Being Implemented”). Brief Activity Objective, Total Cost and AgBiz Share (as allocated with ADs) are also shown for all of the Activities in compliance with the Budget allocated during the Annual Work Plan sessions.

The last section entitled “Completed” presents the Activities completed at the end of the Quarter, as well as the outputs of completed Activities. According to ADs, these Activities had a total cost of \$283,602 to which AgBiz contributed 38 percent. Fourteen (14) new technologies or management practices were introduced to 706 representatives from 67 agribusinesses that participated in AgBiz supported Activities. The participants gave the Activities an average level of satisfaction score 4.7 out of 5.0.

**TABLE 3. ACTIVITIES STATUS REPORT**

MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			ACTIVITY DESCRIPTION/OBJECTIVE
			TOTAL	AGBIZ	AgBiz Percentage	
<b>BEING IMPLEMENTED</b>						
161	Monitoring of the VCs performance through Focus Group Discussions (Phase 2)	<b>FF&amp;V</b>	15.550	7.090	46%	Development of a platform for continuous monitoring of the VC performance as a basis for identification of the issues and needs for support in the VC on the producer's level
162	Educational and Matchmaking Events for FF&V and PV VCs' Participants (Phase 2)	<b>AtF</b>	4.500	900	20 %	Match the companies that need financing with sources of funding and educate companies and farmers about specific financial products dedicated to their target group
163	Organizing working meetings on different fruits and vegetables related topics (Phase 2)	<b>PPD</b>	7.692	2.780	36 %	Enable quality communication and analysis of priority issues in order to bring joint recommendation for decision makers through organization of working meetings of the Subsector Standing Groups on different topics
168	Continuing the process of capacity building of value chains participants and representatives of government institutions (Phase 2)	<b>PPD</b>	8.000	6.800	85 %	Implementation of the training programs aimed to improve advocacy and enhancement of the policy dialogue skills of the VC representatives and employees in GoM institutions
169	Training programs for farmers for improved agricultural practice	<b>PV</b>	15.000	10.000	67%	Increase primary producers' knowledge on savings and other benefits from adoption of improved agriculture practices, productivity and quality control in vegetable production
171	Developing SEMPs for FF&V and PF&V VCs – Wrap Up	<b>SEMP</b>	15.295	8.465	55%	Coordinate final review meetings and organize final Wrap Up workshop to present final SEMPs to the GoM and private sector
173	Regional Competitiveness Initiative Agribusiness Forum	<b>IM</b>	10.799	1.217	11 %	Create contacts and explore possibilities for expanding trading relations with importers from the region and increase export of agribusiness and food products from Macedonia
259	Study Tour and B2B events in Austria and Germany	<b>PV</b>	30.475	15.738	52%	Increase participants' knowledge of the Austrian / German markets for processed vegetables, meet with relevant potential buyers and explore new export
645	Analysis on experimental results from different post harvesting techniques for various apple varieties	<b>FF&amp;V</b>	10.681	5.181	49 %	Introduction of various post-harvesting techniques through trial experiments for preservation of apple quality
646	Facilitation / Implementation of contract farming (Phase 2)	<b>PV</b>	52.000	27.000	52 %	Strengthen vertical integration of the VC by improving productivity and securing supply of sufficient quantities of raw material for PV VC members
647	Production of new pepper variety for processing – yellow pepper (Phase 2)	<b>PV</b>	20.283	10.328	51 %	Stimulate and formalize cooperation between PV VCLAs and interested primary producers predominantly from cooperatives
648	Support for the establishment and cultivation of intensive apple orchard in Prespa and promotion of the market demanded varieties through a demonstration plot (Phase 2)	<b>FF&amp;V</b>	38.340	4.840	13 %	Increase awareness through a demonstration plot for an intensive high density apple production (new modern technology) and improve competitiveness through the introduction of new apple varieties
649	Improvement of the fresh fruits supply chain efficiency through providing support in the initiation of a modern distribution center	<b>FF&amp;V</b>	22.060	10.760	49 %	Support establishment of a modern distribution center for table grapes and peach that will ensure quality and extend sales season
650	Regular update of the on-line tool for sub-sectoral fruits and vegetables groups	<b>PPD</b>	3.100	3.100	100 %	Strengthen the capacities and gain sufficient knowledge and skills of GoM's representatives to contribute to the enhanced promotion of Global G.A.P. implementation by the producers in Macedonia
651	Guidelines for promotion of environmental friendly	<b>FF&amp;V</b>	9.181	6.281	68 %	Organize the most effective way of dissemination of the modern technology for pepper production that

**TABLE 3. ACTIVITIES STATUS REPORT**

	technologies for pepper production and post harvesting operations					requires lower input of pesticides and fertilizers
652	Support to sustainable and continuous domestic production of high quality, certified, market demanded fruit planting material	<b>FF&amp;V</b>	45.815	11.265	25%	Increase awareness and interest for the local production of high quality certified planting material of demanded fruit varieties; technology transfer
916	Integrated business solution for enterprises	<b>PV</b>	21.000	7.500	36 %	Improve PV VC companies' competitiveness through introduction of advanced tailor made integrated business solutions that will contribute to improved management of resources and internal processes
919	Cost benefit analysis of the use of alternative heating systems	<b>FF&amp;V</b>	14.015	8.765	63%	Provide comparative analysis of the heating systems that will further provide recommendations for energy savings through the implementation of environmentally friendly technology
920	PV VC Performance Survey for 2012	<b>PV</b>	5.500	2.500	45 %	Provide relevant and comprehensive PV VC data to be used for analysis, annual planning and projection of the demand-supply and advocacy in front of related Ministries and other GoM institutions

**TABLE 3. ACTIVITIES STATUS REPORT**

COMPLETED												
MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			# of New Varieties/ Products Developed	# of Private Sector Firms participating in AgBiz supported Activities	# of New Technologies/ Management Practices Introduced	# Male Individuals who have Received Training	# Female Individuals who have Received Training	# of Capacity Building Service Providers receiving Assistance	Average Evaluation Score
			TOTAL	AGBIZ	AgBiz Percentage							
161	Monitoring of the VCs performance through Focus Group Discussions (Phase 1)	FF&V	15.550	7.090	46%	N/A	7	N/A	81	20	N/A	N/A
328	Improvement of market linkages through an exhibition stand at Fruit Logistica 2013	FF&V	54.730	10.086	18%	N/A	17	4	29	10	1	4,6
648	Support for the establishment and cultivation of intensive apple orchard in Prespa and promotion of the market demanded varieties through a demonstration plot (Phase 1)	FF&V	38.340	4.840	13 %	N/A	1	1	23	2	3	N/A
<b>FF&amp;V VC COMPONENT SUBTOTAL</b>			<b>108.620</b>	<b>22.016</b>	<b>20 %</b>	<b>N/A</b>	<b>25</b>	<b>5</b>	<b>133</b>	<b>32</b>	<b>2</b>	<b>4,6</b>
258	Study tour for POs/PGs for farmers in Hungary	PV	32.000	20.000	63%	N/A	8	1	86	14	3	4,4
260	Visit to International Fair Detrop, Thessaloniki	PV	1.593	505	32%	N/A	4	6	24	3	1	4,9
261	Presentations and B2Bs in Lithuania and Sweden	PV	30.475	15.738	52%	N/A	5	1	5	0	N/A	5,0
646	Facilitation / Implementation of contract farming (Phase 2)	PV	52.000	25.000	48%	N/A	10	N/A	211	17	3	N/A
<b>PV VC COMPONENT SUBTOTAL</b>			<b>116.068</b>	<b>61.243</b>	<b>53 %</b>	<b>N/A</b>	<b>27</b>	<b>8</b>	<b>326</b>	<b>34</b>	<b>7</b>	<b>4,8</b>
172	Capacity Building Training for Invest Macedonia Staff	IM	11.350	3.100	27 %	N/A	N/A	1	15	23	N/A	N/A
<b>IM COMPONENT SUBTOTAL</b>			<b>11.350</b>	<b>3.100</b>	<b>27 %</b>	<b>N/A</b>	<b>N/A</b>	<b>1</b>	<b>15</b>	<b>23</b>	<b>N/A</b>	<b>N/A</b>
170	External Analyses for the Process of SEMP's Development	SEMP	26.472	8.446	32 %	N/A	10	N/A	32	23	N/A	N/A
<b>SEMP COMPONENT SUBTOTAL</b>			<b>26.472</b>	<b>8.446</b>	<b>32 %</b>	<b>N/A</b>	<b>10</b>	<b>N/A</b>	<b>32</b>	<b>23</b>	<b>N/A</b>	<b>N/A</b>
917	Developing Functional Scheme for Agricultural Insurance	PIRN	5.400	3.900	72 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>PIRN COMPONENT SUBTOTAL</b>			<b>5.400</b>	<b>3.900</b>	<b>72 %</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
163	Organizing working meetings on	PPD	7.692	2.780	36 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	different fruits and vegetables related topics (Phase 1)											
168	Continuing the process of capacity building of value chains participants and representatives of government institutions (Phase 2)	<b>PPD</b>	8.000	6.800	85 %	N/A						
<b>PPD COMPONENT SUBTOTAL</b>			<b>15.692</b>	<b>9.580</b>	<b>61 %</b>	<b>N/A</b>						
162	Educational and Matchmaking Events for FF&V and PV VCs' Participants (Phase 1)	<b>AtF</b>	N/A	N/A	N/A	N/A	5	N/A	67	21	3	N/A
<b>AtF COMPONENT SUBTOTAL</b>			<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5</b>	<b>N/A</b>	<b>67</b>	<b>21</b>	<b>3</b>	<b>N/A</b>
<b>TOTAL END OF FY'13 TO DATE</b>			<b>283.602</b>	<b>108.285</b>	<b>38 %</b>	<b>1</b>	<b>67</b>	<b>14</b>	<b>573</b>	<b>133</b>	<b>12</b>	<b>4,7</b>

## 1.11 OUTREACH AND COMMUNICATION

### 1.11.1 Activities Completed during the Quarter

During this quarter, the following activities were completed under the outreach and communication section:

- Prepared activity info with photos for the USAID Macedonia web site and facebook home page on:
  - Fruit Logistica 2013 Exhibit of 10 fresh produce companies;
  - USAID EG Director's field trip to Kocani and Strumica.
- Assisted preparation of press releases on Study Tour and B2Bs in Sweden (published in 17 print and electronic media).
- Reviewed and cleared CeProSARD's and Innovation Center's press release for the Workshop on Financing and Insurance in Agriculture (published in 4 print and electronic media).
- Provided assistance on outreach procedures and marking compliance for:
  - EPI centar's promo materials for the exhibit of 12 fresh produce companies at Fruit Logistica 2013 in Berlin (brochure, name tags and "Taste of Macedonia" shoulder bag);
  - Epicentar's Brochure on Agro-ecological Measures for Vegetable Production;
  - MCG's Brochure on Pepper Greenhouse Production.
- Coordinated presentation on Alfa TV, where AgBiz CoP Goran Damovski had guest appearance on Portik show.
- Compiled press clippings of 57 AgBiz Program's media exposures released during the period January – March, 2013.
- Developed success stories on Fruit Logistica 2013 Exhibition and Apple Production Technology Training.
- Organized venue for the USAID debrief on FY'13 First Quarter Accomplishments.
- Prepared AgBiz updates for the Monthly Report for Ambassador.
- Coordinated regular update of the AgBiz web site.
- Provided monthly input on AgBiz activities for USAID's EG Office Events Calendar.
- Participated on the USAID Development Outreach and Communication (DOC) meeting on January 30, 2013.

### 1.11.2 Activities Planned for the Next Quarter

- Provide monthly input on AgBiz activities for the USAID's EG Office Events Calendar.
- Identify and develop success stories that reflect AgBiz's work results and positive impact.
- Monitor AgBiz's media exposures and compile press clipping report.
- Provide assistance to LFs on branding and marking compliance procedures.
- Coordinate AgBiz Program Close Out event



## 2.0 FINANCIAL REPORT

The second Quarter financial report is shown below. The report indicates that 96% of the program term is completed, 93% of the total budget has been invested. AgBiz expects an increase of Project Burn Rate during next Quarter, as a result of LF's implemented activities entering into completion phase. Expenditures to date are consistent with plan.

<b>CONTRACT No. EDH-I-03-05-00006-00</b> <b>Macedonia AgBiz</b> <b>Quarterly Report</b> <b>CONTRACT EXPENDITURES through March 31, 2013</b>					
Category	Contract Budget	Incurred as of 12/31/2012	Quarterly Costs 1/1/13 – 3/31/13	Total Costs Incurred as of 3/31/13	Remaining
Total All Other Costs	\$7,478,638	\$6,699,493	\$228,077	\$6,927,570	\$551,069
Grants	\$465,024	\$465,024	\$-	\$465,024	\$-
<b>SUB TOTAL CONTRACT COSTS</b>	<b>\$7,943,662</b>	<b>\$7,164,516</b>	<b>\$228,078</b>	<b>\$7,392,594</b>	<b>\$551,069</b>
FEE	\$345,664	\$278,185	\$12,490	\$290,675	\$54,989
<b>TOTAL CONTRACT COSTS</b>	<b>\$8,289,327</b>	<b>\$7,442,701</b>	<b>\$240,567</b>	<b>\$7,683,268</b>	<b>\$606,058</b>



# 3.0 REPORTS PRODUCED DURING THE QUARTER

## 3.1 EXTERNAL REPORTS

### 3.1.1 Outreach Releases

AgBiz's Press clippings January - March, 2013

Press Release - Financing and Insurance in Agriculture

Press Release - Study Tour and B2Bs in Sweden

### 3.1.2 Success Stories

USAID's AgBiz Success Story - Fruit Logistica 2013 Exhibition

USAID's AgBiz Success Story - Apple Production Technology Training

### 3.1.3 Technical Materials

Brochure on Agro-ecological Measures for Vegetable Production\_MK

Promo materials for the exhibit of 12 fresh produce companies at Fruit Logistica 2013

Brochure on Pepper Greenhouse Production\_MK

## 3.2 INTERNAL REPORTS

Activity Result Report "Fruit Logistica 2013"

Activity Result Report "Presentations and B2B in Sweden and Lithuania"

Activity Result Report "Visit to international fair Detrop"

Activity Result Report "Training for Invest Macedonia staff – March 2013"



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