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AGBIZ PROGRAM

FISCAL YEAR 2012 WORK PLAN

OCTOBER 2011 – SEPTEMBER 2012

OCTOBER 2011

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MACEDONIA AGRIBUSINESS ACTIVITY (AGBIZ PROGRAM)

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DISCLAIMER

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ACRONYMS AND ABBREVIATIONS

AgBiz Program	Macedonia Agribusiness Activity
ARD	Associates in Rural Development
AWP	Annual Work Plan
B2B	Business-to-Business
BSP	Business Service Provider
CeProSARD	Center for Promotion of Sustainable Agricultural Practices and Rural Development
CoP	Chief of Party
COTR	Contracting Officer Technical Representative
CY	Calendar Year
DCoP	Deputy Chief of Party
EG	Economic Growth
EU	European Union
FF&V	Fresh Fruits and Vegetables
FFRM	Federation of Farmers of Republic of Macedonia
FY	Fiscal Year
GlobalGAP	Global Good Agricultural Practice
GoM	Government of Macedonia
HR	Human Resources
IDEAS	Investment Development and Export Advancement Support (USAID funded)
IM	Invest Macedonia
IR	Intermediate Result
ISC	Integrated Supply Chain
LA	Lead Actor
LF	Lead Facilitator
LoE	Level of Effort
LoI	Letter of Intent
LoP	Life of Program
M&E	Monitoring & Evaluation
MAEA	Macedonian Agro Exporters Association
MAFWE	Ministry of Agriculture, Forestry, and Water Economy
MAP	Macedonian Association of Processors
MCP	Macedonia Competitiveness Project (USAID funded)
MoU	Memoranda of Understanding
NGO	Non-Government Organization
PIRN	Policy and Institutional Reform Need
PMP	Performance Management Plan
PPD	Public-Private Dialogue
PSDS	Private Sector Development Specialist
PV	Processed Vegetables
RfP	Request for Proposal
SoW	Statement of Work
STA/M	Senior Technical Advisor/Manager
STTA	Short-term Technical Assistance
USAID	United States Agency for International Development
VC	Value Chain
VCLF	Value Chain Lead Facilitator

DEFINITIONS

Activity – An event or action designed to help achieve one or more AgBiz Extension objectives. These could include the development of business plans or loan applications, design of new packaging for a customer, a new market entry plan, a plan for acquiring new equipment, implementation of *Hazard Analysis Critical Control Point* or GlobalGAP, several customers participating in a trade show or series of business-to-business meetings, the analysis of a priority policy or institutional constraint, an assessment of a new business venture, training regarding a new production or processing technology, field trials of new varieties, a market research project, or a workshop on how producers can access current sources of financing. Lead Facilitator proposals will include a package of activities needed to enhance the productivity and competitiveness of a specific value chain or area of focus. Support proposals for Invest Macedonia and/or the Ministry of Agriculture, Forestry, and Water Economy may include single or multiple activities.

AgBiz Extension – The two-year, \$2.35 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. Examples include spraying services or sprayers provided to a grower by an agricultural chemicals supplier, business plan development services provided to a potential borrower by a financing institution, and on-farm level technical advice regarding planting procedures provided by a seed company to a farmer. 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. Examples include buyer provision of planting materials, crop protection chemicals or fertilizer, and technical advice such as harvest timing and post-harvest handling best practices to a grower from whom they will purchase raw materials. This second type of embedded service is often included in formal or informal production/delivery contracts wherein the buyer will deduct most of 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 ARD regulations.

Ministry of Agriculture, Forestry, and Water Economy (MAFWE) – The ministry of the Government of the Republic of Macedonia responsible for public sector policy, support, and services to the agricultural sector.

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

Tetra Tech ARD has been successfully implementing USAID's Macedonia Agribusiness Activity (AgBiz) Program in Macedonia for more than four years. In May 2011, USAID/Macedonia asked Tetra Tech ARD to respond to a Statement of Work (SoW) for a two-year extension of AgBiz. The objective of AgBiz Extension will be to build off of the existing capacity and expertise of Macedonian professionals, lead firms, and farms to create a new understanding in the market for embedded services and fee-based service delivery. The provision of the services will be delivered sustainably by local partners well beyond the anticipated graduation of the USAID Macedonia program.

AgBiz Extension will differ from AgBiz in three key areas: 1) Focus will be on two value chains—fresh fruits and vegetables and processed vegetables; 2) Emphasis will be on the lower levels of the value chains, with a view to increasing product quality and quantity to meet demand, and to raising the critical mass of stakeholders in the targeted value chains; and 3) Increasing the use of service providers and the development of sustainable packages of services.

AgBiz Extension will be using leading Business Service Providers (BSPs) called Lead Facilitators (LFs) as subcontractors to implement a considerable amount of Program work while achieving proper administration and control of subcontractors. These changes will result in more emphasis on productivity, increased incomes, and sustainable linkages between BSPs and stakeholders in the two value chains. A key factor of success will be the ability of AgBiz-supported Lead Facilitators to design and facilitate activities that more effectively and efficiently link value chain participants to viable markets.

Five of the AgBiz components will be implemented through one-year subcontracts with LFs. These components are:

- a. 1.1.1 and 1.2 – Increased Productivity, Competitiveness, and Sales for FF&V;
- b. 1.1.1 and 1.2 – Increased Productivity, Competitiveness, and Sales for PV;
- c. 1.1.2.4 – Development of Value Chain Export Strategies and Plans (i.e., one export plan for the PV value chain and one export plan for the FF&V value chain);
- d. 1.3.2.2 – Organizational Capacity Building for Advocacy; and
- e. 1.4 – Enhanced Access to Finance.

The remaining three components will be managed by AgBiz staff with the implementation of specific activities subcontracted out to local BSPs:

- f. 1.1.2 less 1.1.2.4 – Support for IM;
- g. 1.3.2.1 – Policy and Institutional Reform Needs (PIRNs) Identification, Prioritization, and Development; and
- h. 1.3.1 – Strengthened MAFWE Strategic Planning and Policy Making.

Although the procurement process for the selection of Lead Facilitators was conducted together with the other AgBiz components, considering the fact that for this component a significant involvement of relevant Invest Macedonia staff is needed, the launch of the component Development of Value Chain Export Strategies and Plans was delayed due to the current structural changes in the Agency Invest Macedonia i.e. change of the management, delayed employment. The initiation of this component as well as Support for IM will be put on hold until further discussions with new IM management are held and commitment for future cooperation is confirmed.

In Fiscal Year (FY) 2012, the AgBiz Program will 1) Develop and implement more than 40 high impact value chain competitiveness enhancement Activities, 2) Help at least 20 customers access appropriate sources of around \$4.0 million in financing, 3) Support MAFWE to develop 10 strategies/assessments and by-laws and 4) Identify, prioritize and present for public consultation up to 4 policies that constrain the competitiveness of Macedonian agribusiness exports.

In FY '12, we will coordinate FF&V and PV Lead Facilitators to submit the Quarterly Progress Reports obtained from selected Lead Actors needed for our sales related indicators. In FY '12 we expect to launch

over 40 Activities. This is anticipated to include trade shows, study tours and buying missions, development of new products and varieties, trainings on modern production and post-harvest handling technologies, several advocacy capacity building trainings, and assessments and strategies for enhancing the competitiveness of AgBiz supported Value Chains.

Results that will be achieved in FY'12 are projected to be:

- 16 new varieties and products developed;
- Around \$4.0 million of financing facilitated for 20 customers;
- 41 new technologies or management practices introduced and 227 firms will improve their management practices;
- Over 30 Business Service Providers and around 3,260 individuals trained;
- 55 VC entities and 245 individuals will receive training and develop capacity to advocate for policy and institutional reform; and
- 987 formal delivery contracts and 206 new exporters and participants in the supported VCs in Calendar Year (CY)'11
- Incomes for all participants in the both FF&V and PV VCs in CY'11 will be increased by attaining over \$1.16 million value of incremental sales (at farm-level), while the Value of total sales of the targeted commodities to domestic market, all other countries in the region and international markets will increase by 7% compared to the baseline.

This FY '12 Annual Work Plan (AWP) shows Activities that will be implemented after the approval and signing of contracts with LFs for all components except for the component Development of Value Chain Export Strategies and Plans. The Work Plan also displays activities that will be directly implemented by AgBiz staff through subcontracting local BSPs. The tables in each component presentation in this AWP show planned activities for the October 2011 – September 2012 time period.

I.0 ARD AND AGBIZ VALUES

The values a firm and its employees have are the guide to how they operate. Therefore, an important precursor to and context for a plan is a restatement of these values. Following are the key values for Tetra Tech Associates in Rural Development (ARD), the AgBiz prime contractor, and the values of the AgBiz team. These values underlay all that we do.

I.1 ASSOCIATES IN RURAL DEVELOPMENT (ARD) VALUES

1. Provide quality services and intellectual leadership to our clients;
2. Mutual respect and collegiality at all levels within the firm;
3. Innovative, multidisciplinary approaches to technical challenges;
4. Teamwork and integrity in all our relations; and
5. Individual and collective contributions to successful project implementation and business generation.

I.2 AGBIZ VALUES

1. Our mantra – a sustainably improved lifestyle (income) for participants in agriculture and agribusiness;
2. All work is focused on achieving Program objectives;
3. Efficient and effective use of Program resources;
4. No favoritism of customers, suppliers, or employees;
5. Open, full, and honest communication;
6. Good internal and external personal relationships;
7. Staff receives no financial or material personal gain from work other than ARD/AgBiz compensation;
8. High professional and ethical standards in our daily work;
9. Confidentiality of customers' information;
10. Utilize Macedonian assets when available and effective;
11. Full compliance with ARD, USAID and local societal values;
12. Full compliance with the ARD Code of Conduct; and
13. Use simplified approaches and methodologies where ever possible.

2.0 AGBIZ GOAL AND OBJECTIVES

Clarity of goals and objectives is essential for Program success in Fiscal Year 2012. Following are the AgBiz overarching Goal, our Primary Objective, our Sub-objectives, our basic Components and the Value Chains we will be supporting in FY '12. The Goal, Primary Objective, Components and value chains have been formally agreed to by USAID.

2.1 GOAL

The goal of AgBiz remains increased Macedonian economic growth through the expanded, competitive, and sustainable production and sales of agriculture-based products. By supporting growth in the agriculture-related Macedonia economy, AgBiz will: 1) Better enable agribusinesses to identify, understand, and sustainably enter export markets for value added food products; 2) Enhance market linkages between producers, processors, and traders; 3) Improve business management and operations throughout agribusiness value chains; and 4) Produce greater incomes for agricultural producers and processors, and create new employment opportunities.

2.2 PRIMARY OBJECTIVE

The primary objective of the AgBiz Two-Year Cost Extension is to increase incomes for all participants in the Processed Vegetables and Fresh Fruits and Vegetables value chains in Macedonia by increasing sales (domestic and exports), improving productivity, enhancing the agricultural business environment, and increasing access to finance. During the extension, AgBiz will build off of the existing capacity and expertise of Macedonian professionals, lead firms, and farms to create a new understanding in the market for embedded services and fee-based service delivery. The provision of the services will be delivered sustainably by local partners well beyond the anticipated closure of the USAID Macedonia Agbiz program

2.3 COMPONENTS

Five of the AgBiz components will be implemented through one-year subcontracts with BSPs (LFs). These components are:

- a. 1.1.1 and 1.2 – Increased Productivity, Competitiveness, and Sales for FF&V;
- b. 1.1.1 and 1.2 – Increased Productivity, Competitiveness, and Sales for PV;
- c. 1.1.2.4 – Development of Value Chain Export Strategies and Plans (i.e., one export plan for the FF&V value chain and one export plan for PV the value chain);
- d. 1.3.2.2 – Organizational Capacity Building for Advocacy; and
- e. 1.4 – Enhanced Access to Finance.

The remaining three components will be managed by AgBiz staff with the implementation of specific activities subcontracted out to local BSPs:

- f. 1.1.2 less 1.1.2.4 – Support for IM;

- g. 1.3.2.1 – Policy and Institutional Reform Needs (PIRNs) Identification, Prioritization, and Development; and
- h. 1.3.1 – Strengthened MAFWE Strategic Planning and Policy Making.

AgBizE staff developed detailed SOWs and issued Requests for Proposals (RfPs) for all components. All awards to BSPs were made through a competitive bidding process. Awards for work to be performed pertaining to points (a) through (e) above will be for one year. Performance will be then assessed, and subsequent awards or extensions will be made based upon the outcome of the assessment.

Implementation of approved activity packages under each subcontracted component but also for the three components that will be implemented internally by AgBiz staff using BSPs will not be practiced independently, rather, a value chain competitiveness enhancement approach that integrates all eight of these areas into a single strategy will be utilized. However, our reporting is organized on the basis of these semi-components.

Intermediate Results (IR) and the expected level of effort allocations by component in FY'12 as Year One, and the level of effort (LoE) to be used to implement the IRs are shown in the table below:

TABLE 1. IRS AND LEVEL OF EFFORT IN FY'12			
No.	IR/Sub-IR	% of LOP Budget	Number of Subcontracts
1.1.1	Increased Domestic and Export Sales	10.2%	One VCLF Annual Subcontract for PV
1.2	Improved Competitiveness and Productivity of Targeted Value Chain Participants	20.0%	
1.1.1	Increased Domestic and Export Sales	10.2%	One VCLF Annual Subcontract for FF&V
1.2	Improved Competitiveness and Productivity of Targeted Value Chain Participants	20.0%	
1.1.2. (less 1.1.2.4)	Increased Global Market Presence (IM)	8.3%	Multiple Subcontracts Developed by AgBiz
1.1.2.4	Export Promotion Strategies Developed for Targeted Value Chains in Cooperation with IM and Other Local Partners	6.3%	One LF Subcontract for both Value Chains
1.3.1	Strengthened Strategic Planning and Policy Making at MAFWE and the Special Opportunities Fund	10.0%	Multiple Subcontracts Developed by AgBiz
1.3.2.1	Strengthened Public Private Dialogue; PIRN Prioritization, Identification, and Analyses	5.0%	Multiple Subcontracts Developed by AgBiz
1.3.2.2	Strengthened Public Private Dialogue; Organizational Capacity Advocacy Enhancement	5.0%	One LF Subcontract for both Value Chains
1.4	Increased Access to Finance in Agriculture Sector	5.0%	One LF Subcontract for both VCs
	TOTAL	100%	

2.4 DIRECT VALUE CHAIN DEVELOPMENT WORK

Value chain upgrading will be accomplished through VC Lead Facilitator development and implementation of a package of activities that will enhance the competitiveness, productivity, and level of integration of the targeted value chains. AgBiz value chain upgrading work will focus on supporting selected VCLFs to implement activity packages that will lead to the development of highly productive and competitive Integrated Supply Chains and thus the anticipated achievement of Sub-Intermediate Result (Sub-IR) 1.1.1 and IR 1.2 objectives. In this way, AgBiz will focus on enhanced firm and producer-level productivity and competitiveness while ensuring that there is broad stakeholder participation and benefits through VCLF-directed transparent and inclusive collaboration with value chain stakeholders.

For this work, the initial point of entry will be the Lead Actors in each of the two value chains. LAs, normally early-innovators, include lead firms, processors, consolidators, packers, and input suppliers. The LAs, the Value Chain Lead Facilitators (VCLFs), and AgBiz will form a tripartite working relationship to facilitate the upgrading and integration of the value chains. The activities and ideas for value chain upgrading will come from the LAs and other key value chain stakeholders, including consolidators and producer groups, while the upgrading services will be provided by the VCLFs and other BSPs subcontracted by the VCLFs. AgBiz will provide technical guidance and cost-sharing. Table Two (2) shows the comparative importance of the two AgBiz supported value chains as indicated by the value and growth of exports, the opportunities we see in each, and the important challenges they face.

TABLE 2. AGBIZ VALUE CHAINS			
Value Chain	Export Value &	Opportunities	Issues
Fresh Fruits & Vegetables	\$120.4 mil.	Improved post harvesting leading to improved final product quality and competitiveness; integration of the raw material supply through uniformed production and higher yields; use of high quality certified planting material	New competitors in current markets; understanding EU markets; the capital & marketing skills required to shift to value added products & sustainably enter chain retailers
Processed Vegetables	\$24 mil.	Find new markets & expand shares in existing markets; diversify product mix; Utilization of contract farming to secure raw material; new technologies for improved productivity	Facility standards, raw material supply management & year round marketing, cooperation with the financial sector is insufficient

The value chains AgBiz will support in FY '12 had 2010 exports of at least \$144.8 million. According to the State Statistical Office, the value of exports of agricultural commodities reached value of \$551.2 million (including tobacco) in 2010. The value of exported Fresh Vegetables was \$85.4 million (mostly tomato, pepper and cabbage), followed by Fresh Fruits worth export in amount of \$35 million (primarily apple, table grapes and melon). The value of exported Processed Vegetables was \$24 million, or both Agbiz supported VCs in total reached value of export of \$167.3 million or 26% of total agriculture-based exports. AgBiz selected Lead Actors realized export worth \$24.4, representing around 17% share in the total FF&V and PV exported in 2010.

2.5 INDIRECT VALUE CHAIN DEVELOPMENT WORK

Approximately 40% of AgBizE resources will be utilized for indirect support to the value chains, including:

Support for MAFWE;

The support to the Ministry of Agriculture, Forestry and Water Economy will be executed by direct assistance to the Minister's cabinet for updating and/or developing long term documents such as strategies, plans and assessments that are linked to enabling better business environment for the AgBiz supported VCs. The MAFWE proposed a set of activities that were discussed and coordinated with their departments and relevant experts. During AWPW the proposed activities were accepted.

Identification, prioritization, and resolution of policy and institutional constraints to upgrading the value chains;

Both VC Lead Facilitators will have daily communication and close relations with the VC participants from all levels. They are expected to identify Policy and Institutional Reform Needs that obstruct the competitive development of the Value Chains. The identified PIRNs will be carefully reviewed and prioritized by AgBiz. The selected issues that are characterized as an obstacle for the current business operations will be addressed by engaging BSPs to analyze it, include all stakeholders and recommend

solutions for improvement to the relevant institutions or policy makers. Other entities for identification of PIRNs are the non-VC LFs and AgBiz staff.

Support for Invest Macedonia;

The planned support to Invest Macedonia for capacity building of its employees regarding export promotion depends on the recent developments of restructuring the agency and potential selection of agriculture as their priority. When this is clarified, AgBiz will include IM in its VC activities regarding Export Promotion and, in coordination with Investment Development and Export Advancement Support (IDEAS), Agbiz will develop suitable capacity building activities for the IM staff.

Development of a Value Chain Export Promotion Plan for the FF&V and PV value chains;

Although the procurement process was conducted together with the other AgBiz components, the selection of a Lead Facilitator and launch of this component was delayed due to the current situation in the Agency Invest Macedonia (explained above).

Provision of enhanced access to finance for value chain stakeholders;

The NGO Innovation Center was selected to implement this component that will address issues of accessing finance by firms and farmers in the PV and FF&V Value Chains. This will be done through utilization of the Macedonian Competitiveness Project (MCP) pool of Financial Consultants, educational events and dissemination of AtF information tools.

Development of the capacity of trade associations, producer groups, and government entities to more effectively utilize public private dialogue and advocacy for policy and institutional reform;

This component will be implemented by Center for Promotion of Sustainable Agricultural Practices and Rural Development (CeProSARD). This Non-Government Organization (NGO) was the only bidder and was selected due to its relevant experience and satisfactory proposal. The component includes assessment of the current capacities of the target associations and MAFWE employees, tailoring and conducting adequate trainings, establishing transparent communication channels for Public-Private Dialogue (PPD) and addressing PIRNs by coordinated approach between the GoM and the Private Sector.

Section 3.0 below provides a detailed description of the FY '12 Activities to be supported for each component.

3.0 FY'12 PLANS

The following is a synopsis of the AgBiz FY '12 Plan. In FY '12 AgBiz focus will be primarily on two Intermediate Results: 1.1 - Increased Domestic and Export Sales Resulting from Activities of Local Partners, and IR 1.2 - Improved Competitiveness and Productivity of Targeted Value Chain Participants Resulting from Activities of Local Partners. AgBiz staff will provide minimal direct technical assistance. AgBiz will build the capacity of local BSPs by using them to implement value chain upgrading activities, and in several cases, by using LFs to implement entire project components, thus facilitating linkages between value chain stakeholders and BSPs, resulting in more sustainable business relationships. This capacity building will be accomplished through transparent competitions, substantial stakeholder input into the design of the upgrading activities, and extensive coaching by AgBiz staff. Competitively-selected LFs will be the main implementers of AgBiz value chain development work and implementors of a comprehensive package of services to upgrade the value chains. AgBiz will cost-share these activities, resulting in more leverage and sustainable business relationships.

Through LFs, we will develop and implement high impact domestic and export sales-focused value chain competitiveness enhancement Activities, help customers' access appropriate sources of finance, and prioritize and stimulate advocacy for policies that constrain the competitiveness of value chain producers and exporters of agribusiness products from the two supported value chains. In FY '12 we will be placing somewhat more emphasis on the lower level of the supported value chains, especially backward linkages (contract farming) and identification, prioritization and directly addressing policy and institutional reform needed.

Immediately after receiving USAID approval on the Annual Work Plan (AWP) AgBiz will organize a training workshop for subcontracted LFs to equip key staff of the LFs with the knowledge, skills, and template documents needed to properly implement USAID subcontracts, and follow the established procurement procedures to ensure procurement compliance.

3.1 FY '12 PLANNING PROCESS

The FY '12 planning process started with the Annual Work Plan Workshop that was held on 04th and 05th October. The main objective for the AWP Workshop was the presentation of newly proposed activities for FY '12 per Component, including the key Component constraints and opportunities, FY '12 objectives and recommended AgBiz interventions that support both the Component and Program objectives. Each of the components has a selected Lead Facilitator or an AgBiz staff person responsible for accomplishing the objectives for that component and for successfully planning, implementing and monitoring completed Activities in order to accomplish the established objectives for that component.

Each Lead Facilitator presented an overview of the current situation for the specific component, key objectives and technical approach that will be utilized; the proposed set of activities showing AgBiz cost per activity and total cost and timing for implementation of each activity to be included in the FY '12 AWP. In addition, LFs were required to demonstrate indicator impact. Components that are under direct responsibility of AgBiz staff were also presented by the respective Component coordinator using the same steps.

The objectives, and especially the proposed Activities, for each component were discussed by the AgBiz Team. Proposed Activities were additionally elaborated and optimized to respond better to specific

components objectives. Coordination and interlinks between components were also discussed and clarified. USAID Economic Growth (EG) Office Director Mr. Joseph Lessard and the Contracting Officer Technical Representative (CO/TR) Ms. Meri Cuculoska together with two other representatives from USAID Program Office, Ms. Yasmeeen Thomason, Program Officer and Mr. Ivica Vasev, Project Development Specialist were present during all annual Work Planning Sessions. Mr. Lessard had a brief presentation including input regarding AgBiz objectives for FY'12 and modification of the Implementation concept and their current thinking about the role of agribusiness in USAID/Macedonia's new EG Strategy and all provided their input to the overall AWP workshop.

Prior to the FY '12 planning process AgBiz worked on determining how to allocate AgBiz resources among the Components to achieve an optimal return on USAID resources. The starting point of this process was developing a reasonable resources allocation model based on USAID Results Framework. The next step was to estimate the value of Activity funds available for FY '12. The available new Activities budget for FY '12 was determined to be \$1,229,699 and that was used in the Activities budget according to the Components allocation model. Approximately 60% of AgBiz resources will be utilized for work on value chain productivity, competitiveness, and linkages, with approximately one half going to each value chain.

Once the Activity budget available for each Component was known, the Team announced the RFPs for the five components inviting prospective and qualified local BSPs.

Proposals for all five components were reviewed and evaluated. Through a competitive bidding process, AgBiz selected BSPs that have the technical knowledge and administrative capabilities required to successfully implement AgBiz development work as Lead Facilitators for each of the four specific components except for Developing Export promotion Strategies and Plans.

Each of the selected proposals included a comprehensive set of activities designed to address key constraints in a given area and achieve the component objectives. The resulting components' Objectives and Activities planned for FY '12 are summarized below. Each summary shows: 1.) The key objectives for that component and 2.) New planned Activities, target completion dates and the projected AgBiz cost of each planned activity - the set of which is designed to accomplish the objectives of that Component, and the person with overall responsibility for each Component. Although selected LFs will have primary responsibility to develop and directly implement the approved activity package for each of the four components, an AgBiz-appointed internal staff members will be assigned to each component/LF and will have overall responsibility for the particular component/LF to which he/she is assigned. This will enable continuous control and monitoring as well as close coordination between components.

3.2 ADMINISTRATION

3.2.1 ORGANIZATIONAL STRUCTURE AND STAFF RESPONSIBILITIES

Tetra Tech ARD believes the skill set required to successfully manage AgBiz is very consistent with the capabilities of our COP, Mr. Goran Damovski. More than 70% of the AgBiz budget will be allocated to private agribusiness development, so someone with strong private agribusiness development skills such as Mr. Damovski is needed for the position of Chief of Party (CoP). Therefore, it is proposed that Mr. Vasko Hadzievski move to Deputy Chief of Party (DCoP) Public Sector Liaison and Access to Finance Manager. Mr. Hadzievski's skills and experience are most suited to a role of liaison with public sector entities such as MAFWE and IM.

Ms. Natasha Lazovska will fulfill the role as DCOP for Administration, Finance, and Compliance, and Ms. Sonja Petrovska the position of Monitoring and Evaluation (M&E) and Reporting Manager. Ms. Lazovska will retain her current DCoP title to reflect the increased and major procurement and compliance responsibility involved in shifting major parts of AgBiz work to LFs. The current intern Elena Petrovska will hold the position of Administrative Assistant/Receptionist.

Jordan Nikolov the new Private Sector Development Specialist (PSDS) will coordinate the structuring, stimulation of/support to, and evaluation of VCLF proposals, approved package implementation, results reporting, and integration with other components. He will be responsible for closely monitoring and ensuring the high performance of LFs, maintaining and monitoring a checklist for tracking activity implementation and on-time accomplishment of deliverables, identifying possible problems and/or deviations from approved work plans, and coordinating with LFs and the CoP and DCoP for Administration, Finance, and Compliance to resolve implementation problems.

Since AgBiz will be implementing primarily through subcontractors, proper administration and procurement compliance control will be very important. At the same time, AgBiz will focus on coaching and building the institutional capacity of local BSPs to provide sustainable services. The additional burden on the DCoP for Administration, Finance, and Compliance for management of a large number of subcontractors, and AgBiz outreach needs, requires a Finance and Outreach Specialist to take on some of the DCoP's former financial responsibilities. The main tasks of the Finance and Outreach Specialist Kristina Deriban, will be to support the DCoP for Administration, Finance, and Compliance in preparing accounting and personnel reports to the Government of Macedonia (GoM) and Tetra Tech ARD; develop and implement an outreach program that effectively communicates AgBiz results to USAID, supported value chain stakeholders, and the general public; and organize the implementation of training activities and workshops for LFs and other subcontractors.

Sonja Petrovska will retain the position of an M&E Manager and will continue to develop and successfully implement the AgBiz M&E systems and reporting and will coordinate the development, submission, and approval of all quarterly and annual reports.

The newly appointed Senior Technical Advisor/Manager (STA/M) Claudia LaLumia, will provide Approvals for:

- Final Activity Descriptions - prior to submission to USAID;
- Final Memorandum of Understanding (MoUs), Letter of Intent (LoIs), (prior to signature) and SoWs;
- Sole Source Justifications;
- Final Agreements/Sub-contracts worth more than \$500 (prior to signature);
- Activity Results Reports;
- Quarterly and Annual Reports;
- Outreach Releases in English – prior to release; and
- Market Information Newsletters – prior to release.

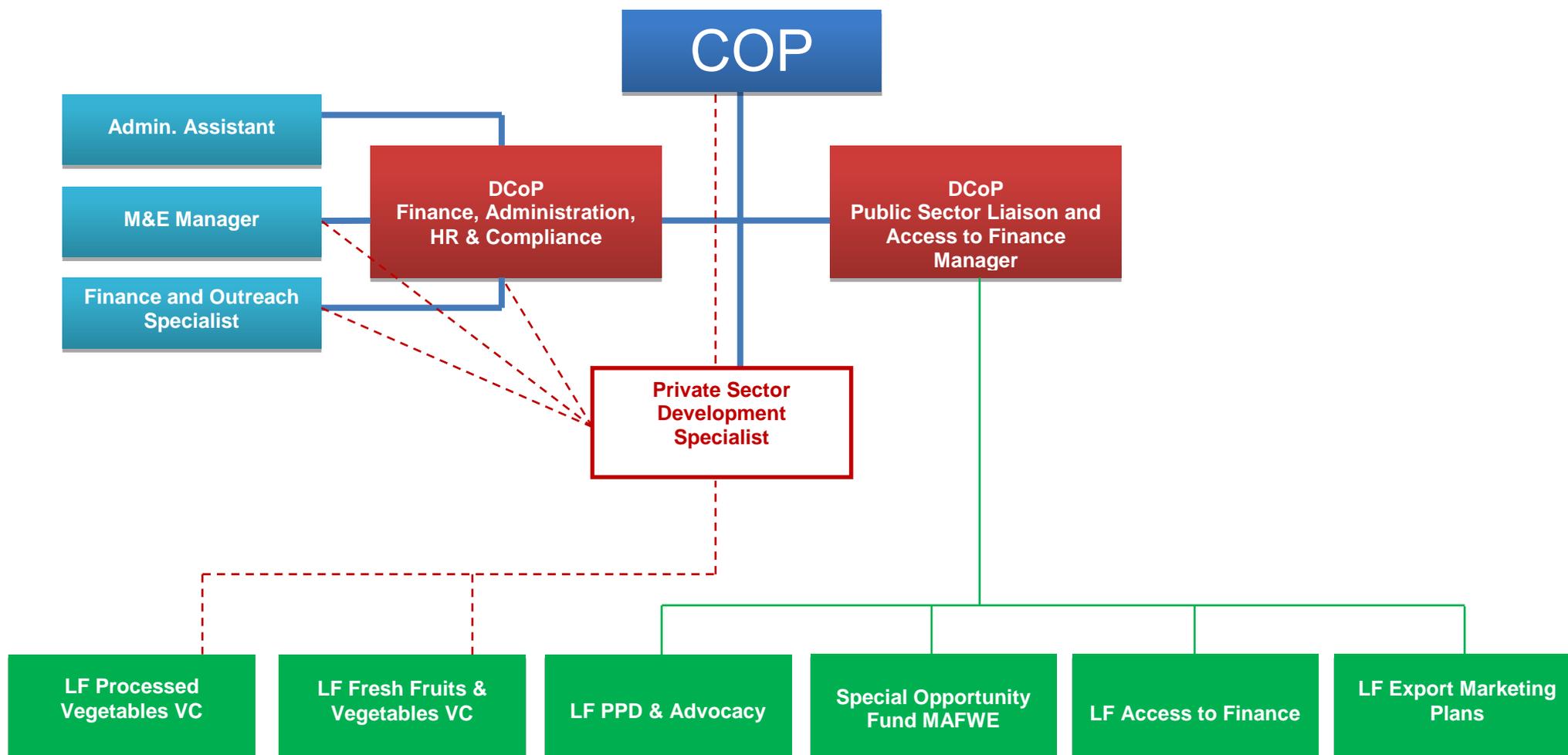
Below is presented a summary of the staff responsibilities.

Position	Responsibilities
Chief of Party	Manage all aspects of AgBiz including compliance, program objectives, and indicators; responsible for team motivation; serve as USAID and Tetra Tech ARD liaison
Deputy Chief of Party for Administration, Finance, and Compliance	Manage all aspects of financial control and accounting, AgBiz facilities, and personnel, as well as compliance with USAID, USG, and Tetra Tech ARD policies and procedures, including procurement; oversee fully compliant initiation, implementation, and completion of LF and other subcontracts; supervise all administrative and financial staff
Deputy Chief of Party Public Sector Liaison and Access to Finance Manager	Manage Components 1.1.2, 1.3, and 1.4; manage AgBiz relationships with IM and MAFWE
Private Sector Development Specialist	Coordinate the management of Components 1.1.1 + 1.2 and 1.1.2.4 such that the objectives of these components are efficiently and effectively achieved; coordinate AgBiz relationships with private sector participants in the PV and FF&V
M&E and Reporting Manager	Develop and successfully implement the AgBiz M&E systems and reporting; coordinate the development, submission, and approval of all quarterly and annual reports
Finance and Outreach Specialist	Support the DCOP for Admin, Finance, and Compliance to prepare accounting reports for the GOM and Tetra Tech ARD; develop and implement an outreach program that effectively communicates AgBiz results to USAID, supported VC stakeholders, and the general public; organize implementation of all training activities and workshops for LFs and subcontractors
Admin Assistant/ Receptionist	Receive guests; manage incoming AgBiz general communications and route them to the appropriate staff member; properly maintain AgBiz assets records; support the DCOP for Admin, Finance, and Compliance as requested

The AgBiz FY '12 responsibilities' listing is shown below as Table 3. The current AgBiz organization chart including titles is shown in Figure 1 below.

TABLE 3. AGBIZ RESPONSIBILITIES ALLOCATION		
Key Responsibility	Primary Responsibility	Secondary Responsibility
Overall Strategy Development & Program Leadership	Chief of Party (CoP)	Team & STA/M
Overall Program Results (Financial & Indicator Performance)	CoP	Both DCoPs
Work Plan Development, Approval, and Monitoring	CoP	Team and STA/M
Monthly, Quarterly, Annual & Final Reports	CoP	Deputy Chief of Party – Public Sector Liaison and Access to Finance Manager & STA/M (Q, A & F only)
Official Program Spokesperson	CoP	Both DCoPs
Client (USAID) Relations	CoP	Both DCoPs
ARD Relations	CoP	STA/M
Internal Cooperation and Coordination	CoP	Both DCoPs
Government of Macedonia Relations	DCoP – Public Sector Liaison	CoP
Policy & Institutional Reform	DCoP – Public Sector Liaison	CoP
Compliance – including approvals	DCoP – Administration & Compliance (A&C)	CoP & STA/M
Human Resources	DCoP – A&C	CoP
Procurement - Sub-contracts & Purchase Orders	DCoP – A&C	CoP & STA/M
Monitoring & Evaluation	M&E Manager	DCoP – A&C
IT Systems and M&E MIS	M&E Manager	DCoP – A&C
Office Management & Records	DCoP – A&C	Admin Assistant
Budgets – ARD	DCoP – A&C	Admin Assistant
Accounting – ARD & Macedonian	Finance and Outreach Specialist	Outside Accountant
Inventory Control & Asset Management	Finance and Outreach Specialist	Admin Assistant
Finalization of SoWs, Activity Descriptions, Activity Results Reports, STTA Selection & Overall Technical Direction	DCoP Public Sector Liaison and Access to Finance Manager & Private Sector Development Specialist	CoP & STA/M
External Cooperation and Coordination	DCoP Public Sector Liaison and Access to Finance Manager	CoP
Overall Activities Management	CoP	Both DCoPs
Branding/Outreach	Finance and Outreach Specialist	DCoP A&C
Market Information	Finance and Outreach Specialist	DCoP A&C
Environment	Finance and Outreach Specialist	DCoP A&C
Training	Finance and Outreach Specialist	DCoP A&C
Gender	Finance and Outreach Specialist	DCoP A&C
Increased Domestic and Export Sales & Improved Competitiveness and Productivity of Targeted Value Chain Participants PV	PV Value Chain Lead Facilitator	Private Sector Development Specialist & CoP
Increased Domestic and Export Sales & Improved Competitiveness and Productivity of Targeted Value Chain Participants PV	FF&V Value Chain Lead Facilitator	Private Sector Development Specialist & CoP
Increased Global Market Presence (IM)	DCoP Public Sector Liaison and Access to Finance Manager	CoP
Export Promotion Strategies Developed for Targeted Value Chains in Cooperation with IM and Other Local Partners	TBD	CoP
Strengthened Strategic Planning and Policy Making at MAFWE and the Special Opportunities Fund	DCoP Public Sector Liaison and Access to Finance Manager	CoP
Strengthened Public Private Dialogue; PIRN Prioritization, Identification, and Analyses	DCoP Public Sector Liaison and Access to Finance Manager	CoP
Strengthened Public Private Dialogue; Organizational Capacity Advocacy Enhancement	DCoP Public Sector Liaison and Access to Finance Manager	CoP
Increased Access to Finance in Agriculture Sector	DCoP Public Sector Liaison and Access to Finance Manager	CoP

FIGURE I. AGBIZ ORGANIZATION CHART



3.3 FY'12 COMPONENTS OBJECTIVES AND ACTIVITIES

The specifics of how we will accomplish our FY '12 objectives are outlined below. The following section is structured as a series of Objectives, Activities and Timing for each of the eight AgBiz components identified above.

3.3.1 ADMINISTRATION OBJECTIVES AND ACTIVITIES

The following table shows the main Objectives and Activities for the Administration, Finance and Compliance Component. DCoP Natasha Lazovska is responsible for these Activities.

TABLE 4. ORGANIZATION STRUCTURE/HUMAN RESOURCES/COMPLIANCE/INTERNAL POLICIES												
FY'12 KEY OBJECTIVES												
1	FY '12 staff and LF requirements, organization structure, budget and M&E are optimized for implementing the FY '12 Plan											
2	Obtain Budget Mod approval and incremental funding to increase Obligated Funding											
3	Contract, mentor and assist in the LFs Contracts successful and USAID/ARD Compliant completion											
4	Perform competent subcontract administration and management											
FY'12 ACTIVITES Implementation Plan												
Activity Description	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
1	Sign USAID/ARD compliant "Not to Exceed Contracts" with selected Service Providers for the Lead Facilitators											
2	Equip key staff of the LFs with the knowledge, skills, and template documents needed to properly implement USAID subcontracts, and follow the established procurement procedures via a procurement compliance training workshop											
3	Obtain Budget Mod approval and incremental funding to increase Obligated Funding											
4	Perform competent subcontract administration and management by conducting efficient and timely financial management, by complying with all AgBiz and USAID requirements for procurement procedures and Value Added Tax reimbursement, allowable and disallowable costs, reporting subcontract cost-sharing, staffing policies, etc.											
5	Closely monitor and control Budget expenditures to successfully implement a highly leveraged Activities program											
6	Manage staff evaluations with good feedback on performance & clear criteria											

3.3.2 FRESH FRUITS AND VEGETABLES VALUE CHAIN OBJECTIVES AND ACTIVITIES

The main objective under FF&V VC component is to work with FF&V value chain stakeholders to increase incomes for all participants in the supported VC from top to bottom using a broad-based approach that includes farmers, aggregators, input suppliers, cooling and packing facility owners and traders, processors, and exporters. This will be realized primarily by improving productivity and competitiveness at all levels of the value chain, strengthening market presence and by enhancing the business environment and improving access to finance. These enhancements achieved via sustainable linkages between Lead Actors and producers in the targeted VC will in turn increase domestic and/or international sales and increase purchases from smallholder producers, therefore increasing participants' incomes.

In order to achieve improved productivity and competitiveness and better domestic and export sales for the FF VCs, LF will use an approach of directly involving the producers in the process of improvement of their end product, resulting in better quality and potentially quantity to be able to be sold on the market in accordance with specific market demands per product through immediate intervention to the supporting actors. Creating vertical Supply Chain Integration in the VCs' is an essential aspect to be utilized in the implementation of the activities for achieving the overall objective.

The following table shows the main Objectives and Activities for the Fresh Fruits and Vegetables Component.

TABLE 5. FRESH FRUITS AND VEGETABLES															
FY'12 KEY OBJECTIVES															
1	Improved productivity and competitiveness of the targeted VC producers in accordance with the EU market demands														
2	To increase awareness and interest for local production of high quality certified planting material of demanded table grape and apple varieties and technology transfer														
3	Increased product diversification through introduction of bell pepper variety														
4	Increased competitiveness on the domestic and export market by introduction of new demanded product types and varieties, increased income for the VC participants														
5	Increased knowledge of post harvesting techniques leading to improved final product quality and competitiveness														
6	Improved integration of the raw material supply for targeted VC through uniformed production and higher yields														
7	Increased potential for non-traditional market presence and increased export sales														
8	Improved linkages with potential new markets and technology transfer														
9	Setting up a mechanism for continuous monitoring of a VC performance														
FY'12 ACTIVITES Implementation Plan												BUDGET			
Activity Description	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Total Cost	AgBiz Cost	Cost Share
1	Preparation of a VC Baseline Screening through Organized Focus Groups												\$32,250	\$ 16,110	\$16,140
2	Organization networking event with non-traditional export markets through conference and B2B meetings												\$45,005	\$34,355	\$10,650
3	Provision of comprehensive technical on-field assistance for modern production technology of table grapes												\$14,280	\$ 8,280	\$ 6,000
4	Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material												\$14,100	\$ 7,100	\$ 7,000
5	Introduction and promotion of the production of new fresh pepper types/varieties attractive for the EU fresh market (bell pepper)												\$18,590	\$13,590	\$ 5,000
6	Support to the process of compliance of the primary production with the requirement of the buyers and the market demand												\$24,200	\$ 9,200	\$15,000

TABLE 5. FRESH FRUITS AND VEGETABLES

FY'12 KEY OBJECTIVES																
7	Supporting sustainable and continuous domestic production of high quality, certified, market demanded Apple planting material													\$13,625	\$ 6,625	\$ 7,000
8	Support in training and promotion of the Global GAP standards implementation for fresh fruits and vegetables VC													\$ -	\$ -	\$ -
9	Training in Post-Harvest Technology													\$29,433	\$ 8,795	\$20,638
10	Improvement of market linkages through organization of a series of visits to the FF&V Fairs (International Agricultural Fair, Fruit Logistica & World Food Moscow)													\$38,180	\$20,060	\$18,120
11	Presentation of a modern production systems of all targeted VCs through organization of a Study Tour													\$50,008	\$27,008	\$23,000
TOTAL Budget:													\$ 279,671	\$ 151,123	\$ 128,548	
Cost Share (in %)													100%	54%	46%	
Management Fee														\$94,524		
Total I.R. 1.1 & 1.2 FF&V VC														\$245,647		

3.3.3 PROCESSED VEGETABLES VALUE CHAIN OBJECTIVES AND ACTIVITIES

The main objective under PV VC component is to work with PV value chain stakeholders to increase incomes for all participants in the supported VC from top to bottom using a broad-based approach that includes farmers, aggregators, input suppliers, cooling and packing facility owners and traders, processors, and exporters. This will be realized primarily by improving productivity and competitiveness at all levels of the value chain, strengthening market presence and by enhancing the business environment and improving access to finance. These enhancements achieved via sustainable linkages between Lead Actors and producers in the targeted VC will in turn increase domestic and/or international sales and increase purchases from smallholder producers, therefore increasing participants’ incomes.

The proposed activity package will generate a number of outcomes that are critical for achieving AgBiz program objectives, as well as the specific program firm-level performance indicators, such as increased sales from the supported PV VC, especially exports, increased purchase from the producers, increased number of new exporters, and new varieties of products produced and marketed. By facilitating the adoption of an Integrated Supply Chain Concept, activities aim to address production quality, productivity and efficiency of the processors and primary vegetable producers; upgrade value chain services, improve management and production practices, strengthen horizontal and vertical linkages and increase competitiveness of the supported PV VC. The planned activities will also support further association strengthening and directly contribute to enhanced market presence of PV products.

The following table shows the main Objectives and Activities for the Processed Vegetables Value Chain Component.

FY'12 KEY OBJECTIVES																
1	Introduction of new varieties, new vegetable products needed by the industry															
2	Utilization of contract farming opportunities that will amortize frequent market disturbances and will allow the PV VC															
3	Support new technologies and products development, cooperation linkages and demonstrations that will stimulate more actors to adopt the ISC model															
4	Joint export and supply of production inputs will strengthen negotiation capability and sales power of the PV VC members															
5	Deployment of integrated management solutions by PV VC members will increase their efficiency and overall profitability															
FY'12 ACTIVITES Implementation Plan												BUDGET				
Activity Description	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Total Cost	AgBiz Cost	Cost Share	
1	Visit to Anuga 2011 and contact with export buyers												\$ 16.259	\$ 4.896	\$ 11.363	
2	Organizing a buying mission of												\$ 11.746	\$ 3.621	\$ 8.125	

TABLE 6. PROCESSED VEGETABLES														
	German importers in Macedonia													
3	Strengthening of domestic market PV VC											\$ 25.750	\$ 4.840	\$ 20.910
4	Study Tour and B2B in Australia											\$ 40.469	\$ 15.299	\$ 25.170
5	Facilitation/Implementation of contract farming											\$ 99.364	\$ 49.364	\$ 50.000
6	TA in implementation of Global Gap											\$ 10.000	\$ 5.000	\$ 5.000
7	Development and implementation of tailor made ERP											\$ 20.000	\$ 10.000	\$ 10.000
8	Implementation of IFS											\$ 20.000	\$ 8.000	\$ 12.000
9	Joint supply of packing material for processing industry											\$ 9.944	\$ 2.944	\$ 7.000
10	New product development											\$ 30.000	\$ 6.000	\$ 24.000
11	Visit to International Agri-Food Fair Agrotica, Thesaloniki											\$ 6.600	\$ 4.700	\$ 1.900
12	Visit to Agricultural fair and agricultural institute in Novi Sad											\$ 10.000	\$ 7.000	\$ 3.000
13	Training programmes for farmers for their production approximation with the EU requirements											\$ 34.934	\$ 26.934	\$ 8.000
14	Introduction of new varieties and new vegetables production technologies											\$ 27.000	\$ 19.000	\$ 8.000
15	Survey of raw material supply, employment and sales performance of PV VC											\$ 5.500	\$ 2.500	\$ 3.000
16	Development of an interactive web portal for the PV VC											\$ 2.000	\$ 1.000	\$ 1.000
17	Acquiring and dissemination of relevant international markets related data											\$ 16.000	\$ 8.000	\$ 8.000
TOTAL Budget:												\$385.566	\$179.098	\$206.468
Cost Share (in %)												100%	46%	54%
Management Fee													\$70.776	
Total I.R. 1.1 & 1.2 for PV VC													\$249.874	

3.3.4 SUPPORT FOR INVEST MACEDONIA

The key objective of this component is to support Invest Macedonia to build its export promotion capacity. The intention is to work together with IDEAS and IM on developing export promotion programs for the AgBiz supported value chains and enhance IM's internal capacity. The support to Invest Macedonia envisions having the Agency as a key counterpart in the whole process. Unfortunately, given its current structure and capacity, Invest Macedonia Agency is not yet in a position to provide adequate support to any activities linked to Export Promotion Capacity Building and/or other activities.

The planned support to Invest Macedonia to build the capacity for their employees to support export promotion depends on the recent developments related to the restructuring of the agency and potential selection of agriculture as their priority. We will continue to closely coordinate with Invest Macedonia and as soon as this is clarified and commitment to cooperate confirmed, AgBiz will include IM in its VC activities regarding Export Promotion and, in coordination with IDEAS, will develop suitable capacity building activities for the IM staff.

3.3.5 STRATEGIC PLANNING AND POLICY MAKING AT MAFWE AND SPECIAL OPPORTUNITY FUND

The overall objective of this component is to help the Minister's cabinet and relevant departments achieve strategic and long term results by creating firm legal ground for enhancing the competitiveness of the AgBiz supported value chains. This will be done through activities focusing on development of MAFWE's strategic documents and through enhancing their planning and policy making capacity. For

implementation of the activities, AgBiz will engage experts through the AgBiz procurement process in cooperation with MAFWE. The component will be managed by the AgBiz DCoP for Public Sector Liaison & Access to Finance.

The support to the Ministry of Agriculture, Forestry and Water Economy will be executed by direct assistance to the Minister's cabinet for updating and/or developing long term documents such as strategies, plans and assessments that are linked to enabling a better business environment for the AgBiz supported VCs. The MAFWE proposed a set of activities that were discussed and coordinated with their departments and relevant experts. During the AWP Workshop the proposed activities were accepted.

The following table shows the Activities for the Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund (SOF) Component. This component is not subcontracted out on annual basis; hence the table shows the activities for 18 months or LoP.

TABLE 7. STRATEGIC PLANNING AND POLICY MAKING AT MAFWE AND SPECIAL OPPORTUNITY FUND										
FY'12 and FY'13 ACTIVITES		Implementation Plan					FY'12 and FY'13 ACTIVITES			
Activity Description		FY'12 Q1 (Oct-Dec, '11)	FY'12 Q2 (Jan-Mar, '12)	FY'12 Q3 (Apr-Jun, '12)	FY'12 Q4 (Jul-Sep, '12)	FY'13 Q1 (Oct-Dec, '12)	FY'13 Q2 (Jan-Mar, '13)	TOTAL Cost	AgBiz Cost Share	MAFWE Cost Share
1	Modification of the Strategy for Agriculture and Rural Development 2007-2013							\$13,800	\$11,500	\$2,300
2	Support in preparation of secondary legislation based on the recently adopted Laws related to Agriculture sector							\$18,000	\$15,000	\$3,000
3	Further approximation of Rural Development Policy towards EU							\$7,200	\$6,000	\$1,200
4	Building Human Resources capacities (preparation for negotiations)							\$12,000	\$10,000	\$2,000
5	Technical support in preparation of Annual Agriculture reports for 2010 and 2011 (Analytical part)							\$7,200	\$6,000	\$1,200
6	Revision and recommendations for further development of strategic planning process of MAFWE							\$19,800	\$16,500	\$3,300
7	Farming Development Strategy (2012-2020)							\$24,000	\$20,000	\$4,000
8	Preparation of 11 studies for PDO or PGI							\$21,600	\$18,000	\$3,600
9	Policy analysis and recommendations							\$23,964	\$19,970	\$3,994
TOTAL Budget Allocated:								\$147,564	\$122,970	\$24,594
									83%	17%

3.3.6 IDENTIFICATION, PRIORITIZATION, AND RESOLUTION OF POLICY AND INSTITUTIONAL CONSTRAINTS TO UPGRADING THE VALUE CHAINS

The main objective of this component is to identify and prioritize the PIRNs, involve the private sector representatives to facilitate the process of addressing the issues assisted by AgBiz and relevant consultants as a Short-term Technical Assistance (STTA). It is expected that the VCLFs, through their daily communication with the Lead Actors and primary producers will play a major role in comprehending the problems and selecting the most feasible ones to be addressed and solved. Each PIRN will be addressed by engaging a consultant as a STTA. The component will be managed by the AgBiz DCoP for Public Sector Liaison & Access to Finance.

Both VC Lead Facilitators will have daily communication and close relations with the VC participants from all levels. They are expected to identify Policy and Institutional Reform Needs that obstruct the competitive development of the Value Chains. The identified PIRNs will be carefully reviewed and prioritized by AgBiz. The selected issues that are characterized as an obstacle for the current business operations will be addressed by engaging BSPs to analyze it, include all stakeholders and recommend

solutions for improvement to the relevant institutions or policy makers. Other entities for identification of PIRNs are the non-VC LFs and AgBiz staff. Activities are not distinctly outlined for this component because the identification of PIRNs and actions to be undertaken to address them will be identified by LFs as the year progresses.

3.3.7 PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT

The overall objective of this AgBiz component is to strengthen Public Private Dialogue and enhance the advocacy capacity of the AgBiz supported VCs. The Lead Facilitator will work with PV and FF&V value chain stakeholders, government bodies and other relevant entities to increase the organizational and advocacy capacity of private sector associations, and develop an 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. CeProSARD is responsible for implementation of this component under supervision of AgBiz DCoP for Public Sector Liaison & Access to Finance.

The following table shows the Key Objectives and approved Activities for this component for 12 months.

TABLE 8. PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT															
FY'12 KEY OBJECTIVES															
1	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														
2	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														
3	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														
FY'12 ACTIVITES Implementation Plan												BUDGET			
Activity Description	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Total Cost	AgBiz Cost	Cost Share
1	Identification of the VC participants												\$ 4.212	\$ 1.980	\$ 2.232
2	Identification of relevant GoM bodies												\$ 2.132	\$ 1.220	\$ 912
3	Needs assessment												\$ 5.172	\$ 2.940	\$ 2.232
4	Creation of the tailor made training curricula												\$ 2.262	\$ 1.350	\$ 912
5	Training Delivery												\$18.420	\$15.420	\$ 3.000
6	Development of the on-line information tool												\$ 5.400	\$ 5.400	\$ -
7	Establishing communication channel for ongoing communication between VC participants and GoM bodies												\$ 7.692	\$ 2.780	\$ 4.912
TOTAL Budget:													\$45.290	\$31.090	\$14.200
Cost Share (in %)													100%	69%	31%
Management Fee														\$9.840	
Total I.R. 1.3.2.2														\$40.930	

3.3.8 DEVELOPMENT OF VALUE CHAINS EXPORT STRATEGIES AND PLANS

The overall objective 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 the managing of Export promotion. This should be done

by involving the PV and FF&V value chain stakeholders, Invest Macedonia, government bodies and other relevant entities. The component will be managed by the AgBiz DCoP for Public Sector Liaison & Access to Finance.

However, the work under this component is postponed until the GoM comes to some conclusions regarding reconstruction of Invest Macedonia and creates the necessary circumstances for cooperation with AgBiz.

Although the procurement process was conducted together with the other AgBiz components, the selection of Lead Facilitator and launch of this component was delayed due to the current situation in the Agency Invest Macedonia (explained above) After reviewing the development of structural changes in the Agency Invest Macedonia i.e. change of the management, delayed restructuring and employment, and considering the fact that for this component a significant involvement of relevant IM staff is needed, USAID recommended that the initiative be put on hold until further discussion with new IM management and confirmation of their commitment to future cooperation.

3.3.9 ENHANCED ACCESS TO FINANCE

The overall objective of this AgBiz component is increased Access to Finance within the Agricultural sector, more specifically serving the needs of FF&V and PV value chain participants to access adequate and favorable financing. Innovation Center is responsible for this component under supervision of the AgBiz DCoP for Public Sector Liaison & Access to Finance.

The NGO Innovation Center was selected to implement this component that will address issues of accessing finance by firms and farmers in the PV and FF&V Value Chains. This will be done through utilization of the Macedonia Competitiveness Project (MCP) pool of Financial Consultants, educational events and dissemination of AtF information tools.

The following table shows the Key Objectives and approved Activities for this component for 12 months.

TABLE 9. ACCESS TO FINANCE															
FY'12 KEY OBJECTIVES															
1	Upgrade and adjust the FP methodology to address the needs of AgBiz VC clients														
2	Help SME's from AgBiz VCs to successfully access finance														
3	Match SME's in need of financing with available sources of financing (e.g. match supply to demand); Educate companies and farmers about the specific financial products available on the market														
4	Bridge the asymmetric information flow between supply and demand side that results with lack of knowledge on the existing and available financial products														
FY'12 ACTIVITES Implementation Plan												BUDGET			
Activity Description	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Total Cost	AgBiz Cost	Cost Share
1	Methodology adjustment												\$21.500	\$ -	\$21.500
2	Contracts, tool kit, PMP, FF recruitment												\$15.090	\$ -	\$15.090
3	Building FF capacity and FIs relationships												\$ -	\$ -	\$ -
4	Accept projects in the pipeline												\$39.500	\$18.500	\$21.000
5	Monitor project progress												\$ 5.250	\$ -	\$ 5.250
6	Reporting												\$ -	\$ -	\$ -
7	Matchmaking event												\$ 6.150	\$ 1.700	\$ 4.450
8	Educational event												\$ 6.150	\$ 1.700	\$ 4.450
9	Developing brochure												\$ 2.000	\$ 2.000	\$ -
10	Produce and disseminate												\$ 4.000	\$ 4.000	\$ -
TOTAL Budget:												\$99.640	\$27.900	\$71.740	
Cost Share (in %)												100%	28%	72%	

TABLE 9. ACCESS TO FINANCE			
	Management Fee		\$13.300
	Total I.R. 1.4		\$41.200

3.3.10 OUTREACH AND COMMUNICATION

In FY'12, the outreach section will maintain its focus on effective communication of the AgBiz work results, impact, ideas and good practices with the targeted audience, primarily USAID, supported value chain stakeholders, Macedonian government officials, the business community and general public. The following table shows the main objectives and new activities for the Outreach and Communication Component. Kristina Deriban is responsible for all of these activities.

TABLE 10. OUTREACH AND COMMUNICATION												
FY'12 KEY OBJECTIVES												
1	Continue public awareness and knowledge of achievements and impact of the USAID funded projects											
2	Broader communication of the originally tailored AgBiz Extension concept											
3	Build media communication capacities of the Lead Facilitators											
FY'12 ACTIVITES Implementation Plan												
Activity Description	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
1	Identify, develop and release success stories											
2	Develop and release media advisories and/or press releases											
3	Monitor and track published articles in media											
4	Develop press clippings for the USAID DOC office and AgBiz quarterly report											
5	Media site visits											
6	USAID officials field visits											
7	Update of the existing AgBiz website											
8	Regular updates of the AgBiz website											

3.3.11 MONITORING AND EVALUATION (M&E)

The following table shows the main Objectives and Activities for the M&E Component. Sonja Petrovska is responsible for all of these activities.

TABLE 11. MONITORING AND EVALUATION												
FY'12 KEY OBJECTIVES												
1	Assure proper implementation of data collection methodology, including data quality assessment and reporting on accomplishments via established methods											
2	Maintain the internal integrated database/spreadsheets to support the archiving and reporting of performance data											
3	Consolidate and distribute on-time standardized information on the performance of targeted Qualitative and Quantitative Indicators											
FY'12 ACTIVITES Implementation Plan												
Activity Description	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
1	Facilitate Development of the FY'12 Annual Work Plan											
2	Develop Performance Monitoring Plan, establish baseline and Indicator Targets for FY'12 and FY'13 based on data and projections provided by LFs, customize Activities Post-Evaluation Forms and other M&E tools											

TABLE 11. MONITORING AND EVALUATION

3	Provide assistance to FF&V and PV LFs in data collection from selected Lead Actors and analyze Indicators achievements												
4	Provide ongoing analyses of accomplished vs. projected indicators												
5	Track actual activity expenditures & completion vs. budget allocated & established timeframe in the FY'12 AWP												
6	Maintain electronic filing system to facilitate managing & documenting performance data												
7	Administer Quarterly Report development and compilation/assure conformity with 508 Federal Regulations												

3.4 PLANNED ACTIVITIES AND BUDGET ALLOCATED SUMMARY

Table 12 below summarizes new Activities' Budget per component for FY '12 and LOP. As can be noted from this table, total direct Component/Activity expenditures for FY '12 are projected to be around \$790,502. The exact amount will depend on the Macedonian Denar (MKD):USD exchange rate and actual contracted costs as well as the actual cost of planned Activities versus the estimated budget. The estimated budget for new Activities will vary based on bids received for larger Activity costs, actual costs at the time an Activity is approved and the extent of actual versus anticipated cost sharing.

TABLE 12. FY'12 PLANNED ACTIVITIES AND BUDGET ALLOCATED

I.Rs.	AGBIZ ACTIVITIES		Year 1 FY' 12	Year 2 FY'13	TOTAL COST
I.1	Increased Domestic and export sales resulting from activities of local partners	LF Subcontract for PV MCG	249,874	121,646	371,520
I.2	Improved Competitiveness & Productivity of targeted VC participants resulting from activities of local partners				
I.1	Increased Domestic and export sales resulting from activities of local partners	LF for F&V EPICENTAR	245,647	125,873	371,520
I.2	Improved Competitiveness & Productivity of targeted VC participants resulting from activities of local partners				
I.1.2.1, I.1.2.2, I.1.2.3	Increased Global market presence IM	Multiple Subcontracts	59,910	42,436	102,346
I.1.2.4	Export Promotion strategies developed for targeted VCs in cooperation with Invest in Macedonia and other Local partners	LF for both VCs	45,008	31,880	76,888
I.3.1.	Strengthened Strategic Planning and policy Making at MAFWE , Special Opportunities Fund	MAWFE Multiple Subcontracts	71,982	50,988	122,970
I.3.2.1	Strengthened Public Private Dialogue; Prioritization, Identification & Analyses	Multiple Subcontracts	35,991	25,494	61,485
I.3.2.2	Strengthened Public Private Dialogue; PIR & Organizational Capacity Enhancement	LF for both VCs, CEPROSARD	40,9300	20,555	61,485
I.4	Increased access to finance in Agriculture Sector resulting from activities of local partners.	LF for both VCs, Innovation Center	41,200	20,285	61,485
Total: Subcontracts			\$ 790,542	\$ 439,157	\$ 1,229,699

4.0 ISSUES TO BE RESOLVED

4.1 INTERNAL TO AGBIZ

Resolution of the issues outlined in this section is important to the success of AgBiz, and are to a great extent under the control of AgBiz and/or USAID.

4.1.1 TOTAL PROGRAM FUNDING

This FY '12 AWP assumes USAID Budget Mod approval of increasing the Obligated Funding in order to cover the FY'12 projected cost and to allow for TTARD to subcontract and obligate funding to the Lead Facilitators.

AgBiz is a comparatively small project, with 7 long term local staff. Based on the recent two year extension approved by USAID, AgBiz staff will provide minimal direct technical assistance. LFs will be the main implementers of AgBiz value chain development work, and AgBiz will work through LFs to promote the development and implementation of a comprehensive package of services to upgrade the value chains. As a result, value chain upgrading services will be provided primarily by BSPs, and AgBiz will cost-share these activities, resulting in more leverage and sustainable business relationships.

Accordingly, a “Not to Exceed” contract will be signed with LFs, a combination of a firm fixed price portion for the Management Fee of the LFs and a cost reimbursable portion for the Activities. Once these annual contracts are signed with the LFs, AgBiz will have to obligate funding.

4.1.2 EFFICIENT AND EXPEDIENT IMPLEMENTATION OF AGBIZ PROGRAM EXTENSION

Since under the new SoW Lead Facilitators will be the main implementers of AgBiz value chain development through implementation of a comprehensive package of services to upgrade the value chains, creating more favorable business environment and improved access to finance, a key factor of success will be the ability of subcontracted LFs to design and facilitate activities that more effectively and efficiently link value chain participants to viable markets and demonstrate to value chain stakeholders the utility of local services to sustainably grow their businesses. Therefore, AgBiz must pay special attention and focus on transferring its knowledge and provide constant monitoring and guidance to LFs to secure successful implementation of approved activities.

As stated above AgBiz will organize a training workshop for subcontracted LFs to equip key staff of the LFs with the knowledge, skills, and template documents needed to properly implement USAID subcontracts, and follow the established procurement procedures to ensure procurement compliance. During implementation, for each of the components, LFs will have to develop and obtain AgBiz approval for an Activity Description and SOW for each of the activities included in the accepted proposal. This will allow adequate control and opportunities for coaching of the LFs by AgBiz staff. All subcontracting by the LF will follow USAID, USG, and Tetra Tech ARD procurement procedures.

4.1.3 HOW TO CONTINUE DEVELOPMENT OF VCS HORIZONTAL COORDINATION

Developing and establishing producers and trade associations in Macedonia has been supported for more than a decade. This work has been primarily donor driven and though it has resulted in the establishment

of numerous organizations, the understanding and achievement of the real role of these entities still requires a long term effort and support to targeted groups of actors. As a result, processors and farmers are poorly organized and there is a general lack of cooperation towards consolidated production and joint market approach. This currently limits the ability of small farmers to participate in profitable value chains and inhibits the broad distribution of market information, best practices that would increase production and quality to meet market demand. In the last four years AgBiz helped establish a new trade association in the FF&V called Macedonian Agro Exporters Association. At the same time, AgBiz continued providing capacity building support to MAP as the only relevant representative of the PV value chains. However, the capacity for advocacy of most AgBiz VCs and associations is still not quite developed.

AgBiz plans to continue building the capacities of these associations during FY '12 and through them strengthen overall support to VC participants. The PV VCLF will be responsible for working in close coordination with the Macedonian Association of Processors (MAP) as a partner to stimulate adoption and implementation of the ISC concept by MAP members, and to increase the provision of imbedded services to producers from processors and input suppliers. The FF&V VCLF should investigate opportunities to reinforce collaboration within, and the sustainability of, the Macedonian Agro Exporters Association (MAEA), thereby encouraging the development of an entity that will have the management capacity and sufficient credibility to serve as a respective representative of the FF&V VC.

To facilitate successful producers/traders associations, AgBiz Extension includes a component that will enhance their organizational and administrative capacity building to contribute to their long term sustainability as USAID legacy institutions. The Advocacy and Public Private Dialogue LF will encourage VC participants to contribute developing the capacity of VC trade associations and producer groups to more effectively utilize public private dialogue and advocate for policy and institutional reform.

Federation of Farmers of Republic of Macedonia (FFRM), as the most significant organization at the producer level, will be included directly as a partner organization or as a beneficiary of activities in both supported VCs as well as play a considerable role in implementation of activities under the Advocacy and Public private Dialogue component.

4.2 EXTERNAL INFLUENCES ON AGBIZ PROGRAM IMPLEMENTATION

The following issues have a significant impact on the competitiveness of Macedonian agribusiness exports, but there are limited actions that AgBiz can take in the near future that will have a significant shorter term, wide, and positive impact on these issues.

4.2.1 HOLDING CURRENT POSITIONS IN EX-YUGOSLAVIA MARKETS WHILE ENTERING NEW, DEVELOPED MARKETS

Macedonian companies in the fresh vegetables and table grapes value chains sell the vast majority of their output to Balkan markets, especially Serbia and Croatia. Competitors from more developed countries are marketing better quality products with better packaging to these markets and putting Macedonian exporters under pressure. Macedonian exporters are also not well prepared, and therefore not well represented in the major retail chains, and tend to sell to wholesale markets rather than directly to supermarket chains. The challenge for Macedonian exporters of table grapes and fresh fruit & vegetables, is how to keep their current business in Balkan markets by fighting off new competitors through product and packaging improvements.

In October 2011 in Strumica, Agrokor opened a purchasing and distribution center with capacity of over 60,000 tons of fruits and vegetables per year. The products will be distributed mainly in Croatia, Serbia, Bosnia. Agrokor recognized Macedonia as a country of great potential several years ago when plans for investment were developed. This investment by Agrokor will significantly improve purchasing and marketing of fruits and vegetables from the area around Strumica and other neighboring regions. By starting this facility, equipped for receiving and preparing various fruits and vegetable, the relationships established between producers and processors in both value chains FF&V and PF&V will certainly improve. Some of the Macedonian experts say that the government, through the subsidies for farmers will

have the main role in balancing the power between large Agrokor and small Macedonian firms in terms of raw material supply.

AgBiz will continue to work on promotion of Integrated Supply Chain concept by strengthening the capacity of the producers' and processors' associations and by enhancing vertical and horizontal linkages including all relevant participants in overall fruits and vegetables supply chains. AgBiz Project will support organization and facilitation of export promotion through a study tour and Business-to-Business (B2B) meetings in Serbia, Slovenia, Bosnia and Croatia where participants will become acquainted with the latest trends and requirements of those markets.

4.2.2 DELIVERING SUFFICIENT QUANTITIES AND QUALITY PRODUCTS TO DEVELOPED EXPORT MARKETS

Consolidation of output to fulfill larger orders still remains a traditional problem that must be addressed. This has to do with quality control, pricing, liability, sharing market information, etc. This is a very difficult issue to overcome, and will continue to limit Macedonian agriculture-based exports.

On 21 May 2011, Germany reported an ongoing outbreak of Shiga-toxin producing *Escherichia coli*, serotype O104:H4. From an initial case control study, the outbreak was associated with the consumption of fresh salad vegetables. Subsequent investigations showed that the risk of infection was significantly associated with the consumption of fresh sprouted seeds rather than with other fresh vegetables.

The information from three to four thousands cases and over forty lethal cases in EU states after eating infected vegetable with E. coli, caused many of them to take measures for protection. It caused fear among consumers and led to significant decrease of fruit and vegetable export from Macedonia. Very large quantities of greenhouse production of cucumbers and tomatoes were thrown away, given for free or just left in the fields. Macedonia greenhouse producers have suffered damage of around 4 million Euros.

AgBiz assistance is enhancing the focus on improving the quality image, implementation and certification of food safety standards which will result in increased consumer confidence. AgBiz will promote activities for implementation of food safety standards such as GlobalGap on the level of primary production which covers the traceability aspects in agricultural practices.

4.2.3 QUALITY OF AVAILABLE PLANTING MATERIAL

The main issues concerning this sector are arising from the initial usage of non-certified planting material mainly produced by the producers themselves, resulting in low yields and productivity and poor quality. Furthermore, one of the biggest obstacles for ensuring sustainable development of the targeted VCs' is the lack of certified nurseries that would ensure the supply of high quality seedling material. AgBizE will support EpiCentar as a Lead Facilitator who has established a long-term partnership with the Israeli company "SOLI Industry" in organization of a study tours to Israel focusing on all targeted products where the most relevant growers and entities will be visited. In addition, the current Israeli project for establishment of a modern seedlings center in Macedonia will be supported and, in cooperation with the Macedonian government, should provide a long term solution to this problem.

5.0 FY '12 BUDGET

In June 2011 USAID has approved a Contract Modification that

- a) Extended the period of performance for 24 months, by changing the estimated completion date from June 18, 2011 to June 18, 2013
- b) Revised the Statement of Work
- c) Increased the ceiling price of the Task Order by \$2,439,367 from \$5,849,960 to \$8,289,327
- d) Revised the Budget and
- e) Revised the amount budgeted for grants from \$500,000 to \$465,024.

Table 13 shows the projected FY '12 AgBiz budget, assuming USAID approves a Budget mod to incrementally fund the contract. These funds will be spent for subcontracted Activities.

Also, it is important to note that by the end of FY '11 the Program term, is at 73% complete, and about 71% of the budget will be expended but more than 92% of the obligated funding spent.. Therefore it is important to receive an approval from USAID to incrementally fund the project and increase the total obligated funding.

This FY '12 Annual Work Plan and the LOP budget shown below are based on the assumptions that the increase obligated funding is approved soon.

Project Name	Macedonia AgBiz
Contractor	ARD, Inc.
Prime Contract Reference	IQC No. EDH-I-00-05-00006-00, T.O. No. 3
Date	30-Sep-11
Obligated Amount	\$6.350.000
Obligated Used	92%
Remaining	\$481.568

Table 13:

Budget Category	Contract Budget	Spent to date	FY'12	FY'13
		3/19/07 - 9/30/11	10/1/11 - 9/30/12	10/1/12 - 6/19/13
Time Spent	100%	73%	89%	100%
Time months	75,0	54,5	12,0	8,5
Budget Spent		71%	88%	100%
Average Monthly Burn Rate	\$110.524	\$107.678	\$118.105	\$118.074

Budget Category	Contract Budget	Spent to date	FY'12	FY'13
		3/19/07 - 9/30/11	10/1/11 - 9/30/12	10/1/12 - 6/19/13
Total All Other Costs	\$7.478.638	\$5.190.563	\$1.356.273	\$931.842
GRANTS	\$465.024	\$465.024		
TOTAL CONTRACT COSTS	\$7.943.662	\$5.655.587	\$1.356.273	\$931.842
FEE	\$345.664	\$212.845	\$61.030	\$71.789
TOTAL	\$8.289.327	\$5.868.432	\$1.417.305	\$1.003.631

6.0 FY '12 AND LOP INDICATORS PROJECTION

We have employed 33 performance indicators that will be measuring progress toward each result of our Results Framework. Specifically, AgBiz aims to achieve results that move from outputs (that will be reported on Quarterly basis) to outcomes which progress towards achieving Intermediate Results.

Both Indicators 1.2.1 Number of firms receiving USG supported assistance to improve their management and 1.4.1.1 Number of SMEs receiving USG assistance to access bank loans or private equity are Standard Indicators under USAID FACTS, Element 4.6.2 Private Sector Productivity and will be reported on Quarterly basis.

Table 13 and Table 14 below present the cumulative anticipated indicator achievements to be attained in FY'12, in the remaining FY'13 (October, 2012 – March, 2013) portion of the project and for the LoP.

6.1 FY '12, FY'13 AND LOP QUARTERLY OUTPUT INDICATORS

Table 13 below lists the set of output Indicators to be reported on a quarterly basis that will provide USAID with quantitative and qualitative data on the results of implemented Activities. The first two columns show the results to be achieved in FY '12 and in the remaining portion of the project to be carried out in FY'13 (October, 2012 – March, 2013). The third column presents cumulative LoP Indicator Targets.

In order to increase the diversification of fresh and processed products, the selected FF&V and PV LFs will facilitate the development of 16 new varieties and products in FY'12. The Activities that are planned to be implemented in FY'12 encompass various types of assistance and will be carried out by 55 Business Service Providers. Forty-one (41) new technologies or management practices including agriculture-related technologies and innovations, financial management, strategic planning and marketing will be introduced to 227 firms and customized trainings, workshops and seminars will be delivered to around 3,260 individuals.

To further enhance the agricultural business environment, 10 strategies, plans and assessments for enhancing the competitiveness of AgBiz supported VCs will be developed and 4 policy reforms and regulations will be presented for public consultation (out of the 12 policy and institutional reform needs identified). The public-private dialogue between the agriculture sector and the Government of Macedonia will be strengthened by implementing 9 advocacy capacity building activities, and 34 VC entities and 245 individuals will receive training and develop capacity to advocate for policy and institutional reform.

It is expected \$925 thousand of additional value of customer financing need to be identified through VC lead facilitators for the value chain actors, and \$4.0 million worth of loans will be facilitated from a variety of sources for 20 SMEs, thus increasing access to finance in the agriculture sector. The investment stimulated for increasing competitiveness, production and sales and cost-share in AgBiz supported activities will be over \$1.5 million in FY'12.

TABLE 13. FY'12, FY'13 AND LOP TARGETS

	Performance Indicator	FY'12 (Oct 1, 2011- Sept 30, 2012)	FY'13 (Oct 1, 2012-Mar 30, 2013)	LoP
IR 1.1	Increased domestic and export sales resulting from the activities of local partners			
<i>Output Level Indicators</i>				
Indicator 1.1.1.1	Number of new varieties and products from the supported VCs developed	16	4	20
Indicator 1.1.1.3	Number of export capacity enhancement activities for InvestMacedonia	TBD	TBD	TBD
IR 1.2	Improved competitiveness and productivity of targeted value chain participants resulting from the activities of local partners			
Indicator 1.2.1	Number of firms receiving USG supported assistance to improve their management*	227	41	268
Indicator 1.2.2	Number of new technologies or management practices introduced	41	16	57
<i>Output Level Indicators</i>				
Indicator 1.2.1.2	Number of individuals who have received USG supported short-term agricultural training	3,258	745	4,003
Indicator 1.2.1.2a	Number of male individuals who have received USG supported short-term agricultural training	2,445	560	3,005
Indicator 1.2.1.2b	Number of female individuals who have received USG supported short-term agricultural training	813	185	998
Indicator 1.2.1.3	Number of capacity-building service providers receiving USG assistance	55	18	73
IR 1.3	Strengthened Strategic Planning and Policy Making of GoM and Private Sector Partners			
Indicator 1.3.1	Number of policy reforms / regulations / administrative procedures drafted and presented for public / stakeholder consultation as a result of USG assistance	4	2	6
<i>Output Level Indicators</i>				
Indicator 1.3.1.1	Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed	10	5	15
Indicator 1.3.1.1a	Number of policy reform needs identified	12	0	12
Indicator 1.3.1.2	Number of Sector Export Promotion Strategies developed	TBD	TBD	TBD
Indicator 1.3.1.3	Number of advocacy capacity building activities implemented	9	15	24
Indicator 1.3.1.4	Number of VC entities who have received advocacy capacity building training	34	46	80
Indicator 1.3.1.5	Number of individuals who have received advocacy capacity building training	245	217	462
IR 1.4	Increased Access to Finance in the Agriculture Sector Resulting from the Activities of Local Partners			
Indicator 1.4.1	Value of loans facilitated from non-DCA and DCA-supported finance institutions (in 000 USD)	4,000	3,500	7,500
<i>Output Level Indicators</i>				
Indicator 1.4.1.1	Number of SMEs receiving USG assistance to access bank loans or private equity**	20	18	38
Indicator 1.4.1.2	Value of customer financing need identified (in 000 USD)	925	220	1,145
Indicator 1.4.1.3	Value of value chain participants investment stimulated (in 000 USD)	1,537	388	1,924

*Standard Indicator 4.6.2-3 under USAID FACTS, Element 4.6.2

**Standard Indicator 4.6.2-7 under USAID FACTS, Element 4.6.2

6.2 CY'11, CY'12 AND LOP ANNUAL INDICATORS

The standard result-oriented Indicators that will be reported on Calendar Year basis are shown in Table 14 below. The first column presents the baseline data collected from the both VCs' Lead Actors achieved in CY'10. The following two columns present the anticipated results to be achieved till the end of CY '11 and CY'12 (December, 31), while the last column presents increased values that will be achieved by the end of LoP.

The diversification of fresh and processed products, 206 new exporters and participants in the supported value chains in CY'11, strengthened vertical and horizontal linkages resulting in 987 formal delivery contracts made by supported value chain participants and enhanced presence of Macedonian exporters and their products in foreign markets, will ultimately result in an increase in the value and volume of domestic and export (regional and international) sales.

In CY'11, it is anticipated the value of sales to be over \$35.6 million (including the value of planting materials sold to the domestic market), while the volume of sales will increase by 3,550 MT (or 854 pieces of planting materials).

By improving the productivity, competitiveness and sales of the selected value chains, the Value of incremental sales (collected at farm-level) will increase by over \$1.16 million in CY'11, while the Value of total sales of the targeted commodities to domestic market, all other countries in the region and international markets will increase by 7% over the baseline (CY 2010). These two indicators will directly measure AgBiz performance towards achieving the overall objective, i.e. increasing incomes for all participants in the FF&V and PV VCs.

TABLE 14. CY'11, CY'12 AND LOP TARGETS					
	Performance Indicator	BASELINE 2010	TARGET CY 2011	TARGET CY 2012	LoP
Overall Objective: Increased incomes for all types of participants in selected agricultural value chains					
Project-level Indicators					
Indicator 1.	Value of incremental sales (collected at farm-level) attributed to USG assistance	\$16,051,035	\$1,160,518	\$1,988,489	\$3,149,007
Indicator 2.	Percent change in value of total sales of targeted agricultural commodities (over the baseline)	N/A	7%	17%	12%
IR 1.1	Increased domestic and export sales resulting from the activities of local partners				
Indicator 1.1.1	Value of sales of targeted agricultural commodities as a result of USG assistance	\$33,257,142	\$35,643,217	\$39,057,347	\$5,800,205
<i>Indicator 1.1.1a</i>	<i>Value of sales to domestic market</i>	\$8,690,182	\$8,916,931	\$9,893,535	\$1,203,353
<i>Indicator 1.1.1b</i>	<i>Value of sales to domestic market (planting material)</i>	\$139,553	\$181,528	\$233,778	\$94,225
<i>Indicator 1.1.1c</i>	<i>Value of sales to the regional market</i>	\$11,933,675	\$13,257,742	\$14,004,983	\$2,071,308
<i>Indicator 1.1.1d</i>	<i>Value of sales to international market</i>	\$12,493,732	\$13,287,016	\$14,925,050	\$2,431,319
Indicator 1.1.2	Volume of sales of targeted agricultural commodities as a result of USG assistance (in MT)	36,167	39,717	44,580	8,413
<i>Indicator 1.1.2a</i>	<i>Volume of sales to domestic market (in MT)</i>	11,230	12,084	13,580	2,350
<i>Indicator 1.1.2b</i>	<i>Volume of sales to domestic market (in pieces of planting material)</i>	64,080	78,600	80,210	16,130
<i>Indicator 1.1.2c</i>	<i>Volume of sales to the regional market (in MT)</i>	13,110	14,408	15,950	2,840
<i>Indicator 1.1.2d</i>	<i>Volume of sales to international market (in MT)</i>	11,827	13,225	15,050	3,223
Output Level Indicators					
Indicator 1.1.1.2	Number of new exporters and new participants in the supported value chains	0	206	122	328
IR 1.2	Improved competitiveness and productivity of targeted value chain participants resulting from the activities of local partners				

TABLE 14. CY'11, CY'12 AND LOP TARGETS					
	Performance Indicator	BASELINE 2010	TARGET CY 2011	TARGET CY 2012	LoP
Indicator 1.2.1.1	Number of formal delivery contracts made by supported VC participants	738	987	1,316	578

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