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AGBIZ PROGRAM

FISCAL YEAR 2013 WORK PLAN

OCTOBER 2012 – JUNE 2013

OCTOBER 2012

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MACEDONIA AGRIBUSINESS ACTIVITY (AGBIZ PROGRAM)

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DISCLAIMER

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

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ACRONYMS AND ABBREVIATIONS

AgBiz Program	Macedonia Agribusiness Activity
AWP	Annual Work Plan
B2B	Business-to-Business
BSP	Business Service Provider
CBI	Dutch Center for Import from Developing Countries
CeProSARD	Center for Promotion of Sustainable Agricultural Practices and Rural Development
CoP	Chief of Party
COR	Contracting Officer Representative
CY	Calendar Year
DCoP	Deputy Chief of Party
EG	Economic Growth
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
IDEAS	Investment Development and Export Advancement Support (USAID funded)
Invest Macedonia	Agency for Foreign Direct Investments and Export Promotion
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
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
SEMP	Sector export Marketing Plans
MSME	Micro, Small and Medium Enterprise
SOF	Special Opportunity Fund
SoW	Statement of Work
STA/M	Senior Technical Advisor/Manager
STTA	Short-term Technical Assistance
TtARD	Tetra Tech Associates in Rural development
USAID	United States Agency for International Development
VC	Value Chain

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 the Agency for Foreign Direct Investments and Export Promotion (Invest Macedonia) and/or the Ministry of Agriculture, Forestry, and Water Economy (MAFWE) 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 (TtARD) 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

During the first twelve months of the Two-Year Cost Extension, AgBiz successfully implemented comprehensive activity packages aimed 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. In the next period, in FY'13 the Program will continue 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 is being delivered by local partners, private sector organizations Epicentar, Macedonia Consulting Group (MCG), Innovation Center, Center for Promotion of Sustainable Agricultural Practices and Rural Development (CeProSARD) and Macedonia Export subcontracted as Lead Facilitators to implement a considerable amount of Program work.

Based on successful implementation of the contracts and effective realization of specified deliverables for FY'12, USAID's AgBiz will extend the subcontracts with LFs for the period of 1st October 2012 – 15th May 2013, for managing implementation of AgBiz work in the following five components:

- a. Increased Productivity, Competitiveness, and Sales for FF&V – Epicentar;
- b. Increased Productivity, Competitiveness, and Sales for PV – MCG;
- c. 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) - Macedonia Export;
- d. Organizational Capacity Building for Advocacy - CeProSARD and
- e. Enhanced Access to Finance - Innovation Center.

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

- f. Support for Invest Macedonia;
- g. Policy and Institutional Reform Needs (PIRNs) Identification, Prioritization, and Development; and
- h. Strengthened MAFWE Strategic Planning and Policy Making under Special Opportunity Fund (SOF).

In Fiscal Year (FY) 2013, the AgBiz Program will 1) Develop and implement approximately 40 high impact value chain competitiveness enhancement activities, 2) Help at least 18 customers access around \$3.5 million in financing, 3) Support MAFWE to develop 5 strategies/assessments and by-laws and 4) Identify, prioritize and present for public consultation up to 2 policies that constrain the competitiveness of Macedonian agribusiness exports.

The ability of AgBiz-supported Lead Facilitators to design and facilitate activities that more effectively and efficiently link value chain participants to viable markets remain to be a key factor of success. AgBiz staff will continue to achieve proper administration and control of subcontractors, provide guidance and mentor LF in managing USAID/TtARD procurement procedures, budget and a timely execution of implementation plan.

In FY '13, FF&V and PV Lead Facilitators will continue to submit the Quarterly Progress Reports obtained from selected Lead Actors needed for our sales related indicators. In FY '13 activities will 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'13 are:

- Five (5) new varieties and products developed;
- Around \$3.5 million of financing facilitated for 18 customers;
- Nineteen (19) new technologies or management practices introduced and 325 private sector firms will improve their management practices;
- Almost 30 Business Service Providers and over 1,000 individuals trained;
- Forty-six (46) VC entities and over 200 individuals will receive training and develop capacity to advocate for policy and institutional reform;
- Additional 329 formal delivery contracts and 122 new exporters and participants in the supported VCs in Calendar Year (CY)'12; and
- Incomes for all participants in the both FF&V and PV VCs in CY'12 will be increased by attaining over \$1.9 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 17% compared to the baseline.

This FY '13 Annual Work Plan (AWP) presents activities that will be implemented after the approval and signing of contracts with LFs for all components. 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 1st October 2012 – 15th May 2013 time period.

Increased Productivity, Competitiveness and Sales for Processed Vegetables Value Chain:

Although PV VC is facing numerous challenges there is considerable potential for its further development and enhancement: Utilization of contract farming opportunities, trainings focusing on production improvements and new product development, export promotion and sales initiatives of processing companies through specialized presentations and B2B, etc. However, the core concept in this work plan is strengthening the supply chain integration of LAs with their farmers and development of embedded services that will be utilized after the Life of Project by the PV VC actors.

For the purpose of implementing the activity package elaborated in this document, the MCG will combine its internal capacities and experience gained as a result of long-term involvement in development of the agribusiness sector in the country with knowledge and expertise of implementing partners and sub-contractors.

Increased Productivity, Competitiveness and Sales for Fresh Fruit and Vegetables Value Chain:

The proposed approach is a continuation of activities already carried out, with added elements that will build on the major accomplishments from the previous year. This should result in achieving greater integration between farmers and exporters and higher productivity and improved competitiveness, together with increased sales and exports of the FF&V VC.

The activities are focused on tackling the key issues of the sector which could be positively enhanced, including: improved quality of the planting material, wider acceptance of modern production and post-harvesting technologies, new markets penetration and improved productivity and efficiency. Epicentar will continue to work together with the identified LAs and their integrated farmers, the technical experts and in partnership with the Federation of Farmers of the Republic of Macedonia (FFRM).

Support for Invest Macedonia (IM): The activities that will be implemented in FY'13 for this component are designed to help develop IM export promotion programs from which AgBiz supported value chains will benefit. In addition, we will support Invest Macedonia to gain practical experience in organizing trade missions abroad, organized specialized presentations and buying missions in Macedonia as some of the key functionalities in the area of export promotion that IM shall provide to the private sector. AgBiz will organize agribusiness training for export promoters. The planned support to Invest Macedonia depends on the Agency's available budget to directly support export promotion activities and further development of their internal structure to carry out export promotion function.

Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund: The support to the Ministry of Agriculture, Forestry and Water Economy is being executed by direct assistance to the Minister's cabinet. It includes 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 has proposed a set of activities that have been discussed and coordinated with their departments and relevant experts.

Policy and Institutional Reform Needs Identification, Prioritization and Analyses: 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 issues that are characterized as an obstacle for the current business operations will be addressed by BSPs engaged to analyze them along with all stakeholders. BSPs will recommend solutions for improvement to the relevant institutions or policies. Other entities for identification of PIRNs are the non-VC LFs and AgBiz staff.

Development of VC Export Strategies and Plans for the FF&V and PV VCs: In FY 2012, AgBiz in cooperation with the Dutch Center for Import from Developing Countries (CBI), and in collaboration with Invest Macedonia as a counterpart, successfully initiated the process for developing Sector Export Marketing Plans for both Fresh Fruit and Vegetables and Processed Vegetables value chains. The Program coordinated a two-day kick-off event to introduce the Sector Export Marketing Plans (SEMPs) concept and received commitment from MAFWE, Ministry of Economy (MoE) and other related institutions as well as wider group of FF&V and PF&V VC participants and other stakeholders to fully support and contribute to the process. Lead facilitator, Macedonia Export, coordinated follow up with all PF&V and FF&V value chain main stakeholders from the business sector and GoM representatives and organized the first of five workshops on Internal Analysis. During FY'13, the activities will include organizing 4 workshops: one on External Analysis for identifying target markets and defining opportunities and threats, Confrontation analysis for selected target markets, Action Plan development and finalizing Sector Export Marketing Plans and a wrap up workshop at which the final SEMP documents for both sectors will be presented to relevant stockholders and accepted by the MoE.

Public Private Dialogue and Organizational Advocacy Capacity Enhancement: The component Strengthening Public Private Dialogue through the Increased Utilization of Effective Advocacy for Fresh Fruit & Vegetables and Processed Vegetables Value Chains will continue supporting the process of establishment of the sub-sector standing groups for fruits and vegetables that are used as a cooperation platform for sustainable dialogue between the public and the private actors in the fruits and vegetables sector. In the second phase of the Project, CeProSARD will continue with the support for capacity building of both target groups aiming at establishing constructive and efficient dialogue. Besides the trainings, one-day workshops and round tables will also be organized on topics of current interest, which will be identified during the cooperation with project partners and representatives of both target groups.

The project will also continue with the regular update and maintenance of the on-line information tool that contain documents, support programs, laws, bylaws, policies, educational brochures and other information related to the FF&V and PV production. Existing data will be updated and new data and information identified as crucial during the regular meetings and project activities, proposed by both target groups, will be included. The Project will support training of MAFWE employees which, after the end of the Project, will take over and administer this information tool.

By implementing these activities, the Project will significantly support setting up a sustainable and stable basis for continuous dialogue between the public and the private actors in the fruits and vegetables sector in the Republic of Macedonia.

Enhanced Access to Finance: Finance is a critical element for development and growth for any company. Export-oriented companies often require finance for upgraded machinery, new facilities, product development and of course, working capital.

Access to finance is imperative but also an impediment for companies and farmers from FF&V and PV VCs. The Financial Platform serves these companies with twofold activities: 1) education events-where

the newest financial products and services are presented and 2) direct work with the companies looking for finance by developing and submitting investment plans to FIs.

Expected results from these activities are better informed companies and farmers, networking between all stakeholders on Access to Finance (companies, farmers, FIs and FFs) as well as significant finance accessed for companies and farmers, resulting in increased exports and new jobs developed.

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 (TtARD), 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 TtARD/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 TtARD, USAID and local societal values;
12. Full compliance with the TtARD 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 2013. 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 '13.

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 builds off of the existing capacity and expertise of Macedonian professionals, lead firms, and farms to create a new understanding across the value chains of embedded services and fee-based service delivery. The provision of the services is being delivered by local partners and will sustainably continue well beyond the anticipated closure of the USAID Macedonia AgBiz Program.

2.3 COMPONENTS

In the second year of extension, based on successful implementation of the subcontracts and effective realization of specified deliverables for FY'12, USAID's AgBiz plans to extend the subcontracts with all five Lead Facilitators for the period of 1st October 2012 – 15th May 2013, for managing the implementation of the AgBiz work in the following components.

- 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.

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 and allocations by component in FY'13 and the level of effort (LoE) to be used to implement the IRs are shown in the table below:

Section 3.0 below provides a detailed description of the FY '13 Activities to be supported for each component.

TABLE #1. IRS AND LEVEL OF EFFORT IN FY'13			
No.	IR/Sub-IR	% of LOP Budget	Number of Subcontracts
1.1.1	Increased Domestic and Export Sales	10%	One VCLF Annual Subcontract for PV
1.2	Improved Competitiveness and Productivity of Targeted Value Chain Participants	23%	
1.1.1	Increased Domestic and Export Sales	10%	One VCLF Annual Subcontract for FF&V
1.2	Improved Competitiveness and Productivity of Targeted Value Chain Participants	22%	
1.1.2. (less 1.1.2.4)	Increased Global Market Presence (IM)	3%	Multiple Subcontracts E
1.1.2.4	Export Promotion Strategies Developed for Targeted Value Chains in Cooperation with IM and Other Local Partners	8%	One LF Subcontract for both Value Chains
1.3.1	Strengthened Strategic Planning and Policy Making at MAFWE and the Special Opportunities Fund	10%	Multiple Subcontracts Developed by AgBiz
1.3.2.1	Strengthened Public Private Dialogue; PIRN Prioritization, Identification, and Analyses	4%	Multiple Subcontracts Developed by AgBiz
1.3.2.2	Strengthened Public Private Dialogue; Organizational Capacity Advocacy Enhancement	6%	One LF Subcontract for both Value Chains
1.4	Increased Access to Finance in Agriculture Sector	4%	One LF Subcontract for both VCs
	TOTAL	100%	

3.0 FY'13 IMPLEMENTATION PLANS

The following is a synopsis of the AgBiz FY '13 Plan. In FY '13 AgBiz Program will continue to focus 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 and will continue to build the capacity of local BSPs by using LFs to implement entire project components, thus facilitating linkages between value chain stakeholders and BSPs, resulting in more sustainable business relationships. Capacity building will be accomplished through transparent competitions, substantial stakeholder input into the design of the upgrading activities, and extensive coaching by AgBiz staff.

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. AgBiz will cost-share these activities, resulting in more leverage and sustainable business relationships. In FY '13, AgBiz will continue to place 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 reforms needed by utilizing the capacity of the formalized standing working groups at MAFWE.

3.1 FY '13 PLANNING PROCESS

The FY '13 planning process started with the Annual Work Plan Workshop that was held on 20th and 21th September, 2012. The main objective for the AWP Workshop was the presentation of newly proposed activities for FY '13 per Component, including the key Component constraints and opportunities, FY '13 objectives and recommended AgBiz interventions that support both the Component and Program objectives.

Each of the components was represented by a Lead Facilitator or an AgBiz staff person responsible for the respective component and for its successful planning, implementing and monitoring of completed activities.

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 '13 AWP. In addition, LFs were required to present additional Excel spreadsheet demonstrating the indicator impact from implementation of each activity to be included in the FY '13 AWP. 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 AgBiz Project Management Specialist (COR) Ms. Meri Cuculoska were present during all annual Work Planning Sessions. Mr. Lessard commended AgBiz team on successful year one implementation of AgBiz extension under the new concept and made a brief presentation including input regarding AgBiz objectives for FY'13 and modification of the Implementation concept and their current thinking about

the role of agribusiness in USAID/Macedonia's new EG Strategy. At the end of the workshop AgBiz facilitated the session on Lessons Learned, Issues, Constraints, and New Services. Each LF and AgBiz presented what was done well and what could have been done differently to produce better results; problems, concerns and recommendation for resolutions; obstacles, lack of resources (money, time, people, knowledge) to implement the envisioned activities and services that emerged or will emerge during and after the AgBiz closure that LFs can commercially offer to prospective customers.

Prior to the FY '13 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 '13. The available new activities budget for FY '13 was determined to be \$ 581,620, the figure 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 developed detailed SOWs and issued Requests for Proposals (RfPs) for all components that are managed by Lead Facilitators except for the Development of Value Chain Export Strategies and Plans where the contract with Macedonia Export was signed to April 30th 2013 as an end date. A proposal evaluation committee assessed and negotiated final modification of proposals. All LF contract modifications were made based on fully satisfactory proposals and awards for work to be performed pertaining to specific component objectives for the period from October 1st, 2012 to May 15th 2013.

In order to keep the momentum from FY'12 and avoid any delays in implementation of AgBiz value chain assistance, it was agreed which activities should be initiated in October 2013 and approved by USAID, and that AgBiz would sign contract Mods with LFs to start implementation of those activities. Immediately after receiving USAID approval on the FY'13 Annual Work Plan (AWP), AgBiz will sign Contract extension with LFs. AgBiz staff will continue to provide guidance and mentor LFs in managing USAID/Tetra Tech ARD procurement procedures, budget and a timely execution of implementation plan. Although LFs have primary responsibility to develop and directly implement the approved activity package for each of the four components, an AgBiz-appointed internal staff member is 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.

Each of the LF 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 '13 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. AgBiz organizational Chart presents the person with overall responsibility for each Task/Component.

3.2 ADMINISTRATION

3.2.1 ORGANIZATIONAL STRUCTURE AND STAFF RESPONSIBILITIES

AgBiz staff proved that is fully equipped to provide support in assisting local public institutions, NGOs, Associations and private sector recipients of USAID funding with their organizational structure and efficient processes in order to respond to the needs of the citizens and companies, the market demand and USAID rules and regulations.

Tetra Tech ARD believes the skill set required to successfully manage and complete AgBiz is very consistent with the capabilities of the current staff.

- Mr. Goran Damovski, CoP
- Mr. Vasko Hadzievski, Deputy Chief of Party (DCoP) Public Sector Liaison and Access to Finance Manager
- Ms. Natasha Lazovska, DCoP for Administration, Finance, and Compliance
- Mr. Jordan Nikolov the new Private Sector Development Specialist
- Ms. Sonja Petrovska, Monitoring and Evaluation (M&E) and Reporting Manager
- Ms. Kristina Deriban , Finance and Outreach Specialist
- Ms. Elena Petrovska will hold the position of Administrative Assistant/Receptionist.

The Senior Technical Advisor/Manager (STA/M) Claudia LaLumia, will provide HO support and 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;
- Activity Results Reports;
- Quarterly and Annual Reports;
- Outreach Releases in English – prior to release; and
- Market Information Newsletters – prior to release.

Below is the 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 and contracting ; 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 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

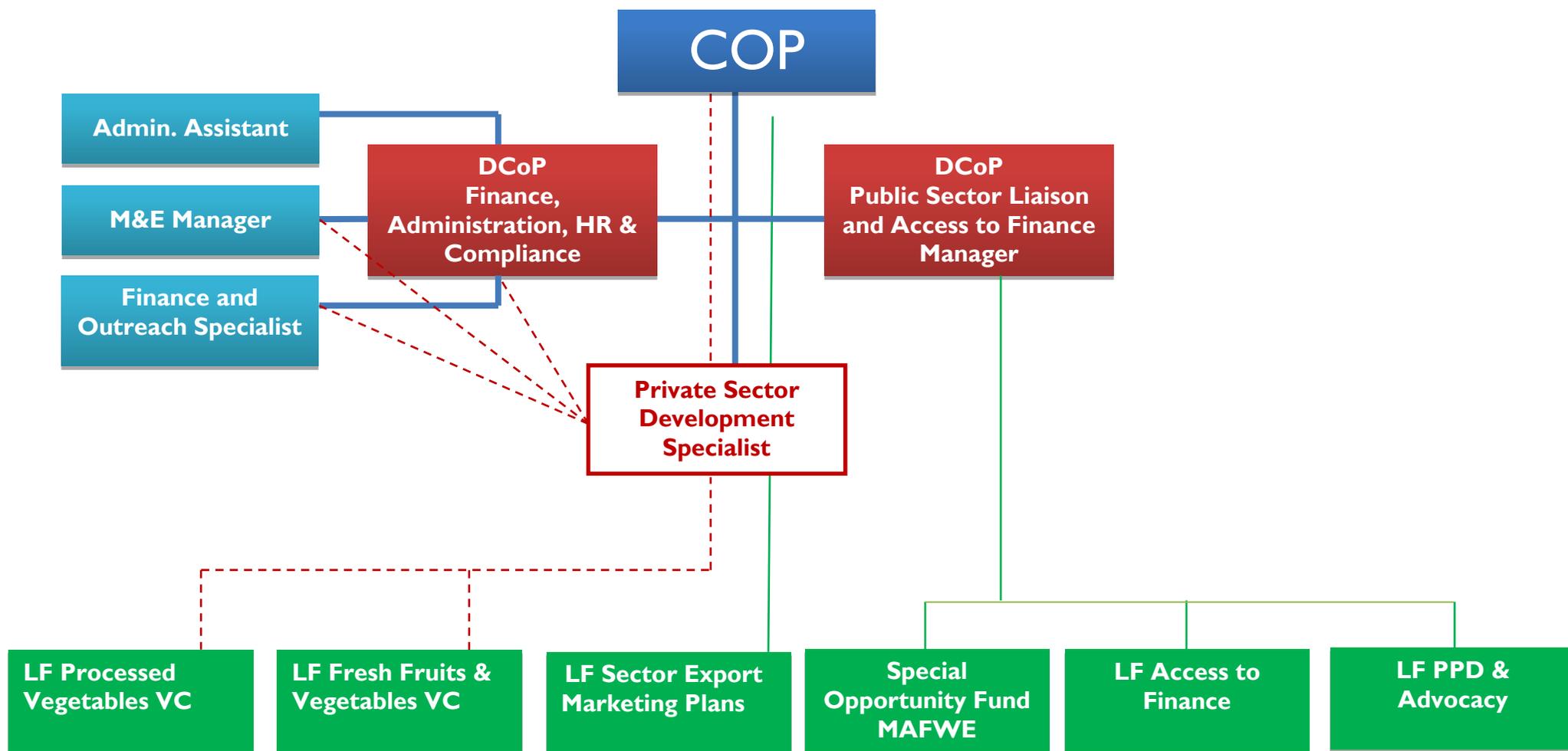
The AgBiz FY '13 responsibilities' listing is shown below as Table 2. The current AgBiz organization chart including titles is shown in Figure 1 below.

TABLE #2. 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	Both DCoPs & STA/M

TABLE #2. AGBIZ RESPONSIBILITIES ALLOCATION

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	CoP
Market Information	Finance and Outreach Specialist	CoP
Environment	M&E Manager	CoP
Training	Finance and Outreach Specialist	CoP
Gender	Finance and Outreach Specialist	CoP
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)	CoP	CoP
Export Promotion Strategies Developed for Targeted Value Chains in Cooperation with IM and Other Local Partners	CoP	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	LF and DCoP Public Sector Liaison and Access to Finance Manager	CoP
Increased Access to Finance in Agriculture Sector	LF and DCoP Public Sector Liaison and Access to Finance Manager	CoP

FIGURE I. AGBIZ ORGANIZATION CHART



3.3 FY'13 COMPONENTS OBJECTIVES AND ACTIVITIES

The specifics of how we will accomplish our FY '13 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 #3. ORGANIZATION STRUCTURE/HUMAN RESOURCES/COMPLIANCE/INTERNAL POLICIES									
FY'13 KEY OBJECTIVES									
1	FY '13 staff and LF requirements, organization structure, budget and M&E are optimized for implementing the FY '13 Plan								
2	Closely monitored and controlled Budget expenditures to successfully implement and Close AgBiz								
3	Issued Contract Mods, mentor and assist in the LFs Contracts successful and USAID/TtARD Compliant completion								
4	Complete USAID compliant Project Close Out								
FY'12 ACTIVITIES Implementation Plan									
Activity Description	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-18-13
1	Sign USAID/TtARD compliant Mods for "Not to Exceed Contracts" with selected Service Providers for the Lead Facilitators								
2	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 VAT reimbursement, allowable and disallowable costs, reporting subcontract cost-sharing, staffing policies, etc.;								
3	Successfully complete LF's Subcontract and a final evaluation								
4	Manage staff evaluations with good feedback on performance & clear criteria								
5	Closely monitor and control Budget expenditures to successfully implement a highly leveraged Activities program								
6	Conduct USAID Compliant Close-out								

3.3.2 PROCESSED VEGETABLES VALUE CHAIN OBJECTIVES AND ACTIVITIES

The proposed set of activities is designed to contribute towards IR1: Increased of domestic and export sales and IR2: Enhanced productivity and the overall competitiveness of the processed vegetables (PV) VC. Ten (10) activities are proposed to be implemented in the period of 7.5 months, grouped according to Project Intermediate Results (IR):

The envisaged activities listed under the **IR 1** will directly contribute to strengthening market presence of PV products and will increase current exports on international markets. The foreseen activities: Organizing a buying mission of Russian importers in Macedonia, Study tour and B2B events in Austria & Switzerland Visit to international fair Detrop, Thessaloniki Presentations and B2Bs in Lithuania and Sweden are expected to contribute to increased sales of processed products throughout the work plan period, and will consequently contribute to increased incomes of rural households as a result of increase in sales of primary products. New processing technology, food safety and hygiene aspects will be also addressed. All export enhancement activities will be accomplished with considerable involvement and support provided by Invest Macedonia, whereas the final processing survey 2012 will be made available to Invest Macedonia e-portal for wider circulation of results to all interested parties.

The respective set of activities under **IR 2** aims to address production quality, productivity, operational efficiency, improvements in farm accounting practices, and possibilities for increased horizontal cooperation and higher market power of farmers. Implementation of contract farming will address existing distrust among PV VC members and will motivate them to closely cooperate in the future. Technical assistance will be provided on production of a new yellow pepper variety and increased awareness about advanced organizational forms of the farmers like producer organizations and producer groups.

MAP has been actively involved in previous activities and will continue to act as reliable partner for implementation of the forthcoming activities.

A considerable portion of the activities will be outsourced to already recognized implementing partners: Foundation Agro-Centre for Education (FACE), Federation of Farmers of the Republic of Macedonia (FFRM), and Center for Applied Research and Permanent Education in Agriculture (CIPOZ) that operates under the umbrella of the Faculty of Agricultural Sciences and Food from Skopje. Although the National Extension Agency (NEA) is still lacking more client oriented approach and services, inclusion of the agency representatives (management and field advisors) in activities under IR2 and particularly in training is beneficial for acquiring and disseminating of new skills by NEA. It is envisaged that results from IR1 activities will be further utilized in the development of comprehensive Sector Export Marketing Plans - SEMP (also supported by AgBiz).

MCG will also cooperate with the sub-sector working group established under the auspices of MAFWE to discuss relevant horticulture primary production and processing issues and to formulate suggestions to the newly established agricultural council and MAFWE. Special emphasis will be placed at the primary production level, encouraging embedded and fee-based service delivery and their continuous provision after the LoP to various direct beneficiaries and horizontal organizations within the VCs. MCG will continue to cooperate with the 11 identified PV VCLAs: Altra; Rudine; Green product; Jomi Food; Bonum plus; Lars; Vipro; Dentina; Univerzal promet; Trgoproduct and Vori. Yet, in order proposed activities that will have higher impact on processed PVVC, MCG will work towards including new processing companies, as participants in some of the activities, particularly export oriented ones.

The following table shows the main objectives and activities for the Processed Vegetables Value Chain Component.

TABLE #4. PROCESSED VEGETABLES										
FY'13 KEY OBJECTIVES										
1	Strengthening market presence of PV products on international markets and increased exports									
2	Improved quality of primary production and improvements in farm accounting practices									
3	Increased horizontal cooperation of farming community									
4	Strengthening of vertical supply chains and reduction of still present distrust between producers and processors									
5	Increased productivity and improved welfare of primary producers									
FY'13 ACTIVITES Implementation Plan								BUDGET		
Activity Description	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Total Cost	AgBiz Cost	Cost Share
1								\$8.103	\$3.326	\$4.777
2								\$29.820	\$11.145	\$18.675
3								\$1.575	\$505	\$1.070
4								\$30.476	\$15.738	\$14.738
5								\$5.500	\$2.500	\$3.000
6								\$21.100	\$7.500	\$13.600
7								\$52.000	\$25.000	\$27.000
8								\$20.283	\$10.328	\$9.955
9								\$32.000	\$20.000	\$12.000

TABLE #4. PROCESSED VEGETABLES											
10	Training programs for farmers for improved agricultural practice								\$15,000	\$10,000	\$5,000
TOTAL Budget:									\$215.857	\$106.042	\$109.815
Cost Share (in %)									100%	49%	51%

3.3.3 FRESH FRUITS AND VEGETABLES VALUE CHAIN OBJECTIVES AND ACTIVITIES

The proposed activities for the period October 2012-May 2013 are design to tackle some of the current issues such as overcoming the problems of low productivity, low export market competitiveness (outside the region), and low revenue generation in all VC levels. Further upgrading of the FF&V VC will continue to focus on the Supply Chain Integration approach through the selected Lead Actors in each of the three selected sub-value chain (pepper/vegetables, table grapes and apples/fruits) and improve efficiency and capacity of the overall VC to compete regionally and globally.

Strengthening horizontal linkages and developing functional representative entities at the primary producer as well as consolidator/packer and exporter level is still one of the most needed changes in the FF&V value chain, especially considering the large number of small farmers. However, the short implementation period in FY '13 is a stifling factor for designing and implementing interventions which would result in more substantial impact. Thus, the LF will continue the partnership with FFRM in the implementation of activities, the dissemination of information, raising awareness of smallholder farmers of the new technologies promoted, exchanging experience from demonstration plots, and extending good agricultural practices. The dissemination and replication of project results and ensuring sustainability of its interventions will be achieved through various FG discussions, training sessions, newspaper articles, web site publications, guidelines, etc.

The use of local STTA experts (one for each product: peppers, apples; table grapes) will increase the technical capacity of the Team and, at the same time, enable the LF to provide the best technical expertise for the LAs and primary producers. Other international experts (TCN) will be identified in accordance with the expertise needed.

Aiming to achieve the FF&V component objectives of increased productivity and product competitiveness, the LF team will implement an activity package providing: (1) Support to the VC's planting material suppliers through assistance in the procurement of basic mother plant material for potential certified planting material production, and technical guidance and advice; (2) Technical assistance in the production process with modern production technology for a final output appropriate to the needs of consumer and new markets; (3) Technical assistance in post harvesting technology to further aid the competitiveness of produce and increase income from primary production; (4) Solutions for increased efficiency through the use of different energy sources as alternatives for production cost reduction; and (5) Market penetration on non-traditional markets through the B2B events and fair representations is expected to result in increased sales, market diversification and increased competitiveness.

TABLE #5. FRESH FRUITS AND VEGETABLES										
FY'13 KEY OBJECTIVES										
1	Improve planting material quality towards reaching certified production for improved quality and efficiency									
2	Improve techniques and technology for production and post-harvesting for improved quality and competitiveness									
3	Increase production efficiently through offering examples of different energy sources for production cost reduction									
4	Increase sales and market diversification though improving linkages with non-traditional markets									
FY'13 ACTIVITES Implementation Plan								BUDGET		
Activity Description	Oct -12	Nov -12	Dec -12	Jan- 13	Feb -13	Mar -13	Apr -13	Total Cost	AgBiz Cost	Cost Share
1	Monitoring of the VCs performance through FG discussions							\$15.550	\$7.090	\$8.460

TABLE #5. FRESH FRUITS AND VEGETABLES

2	Organization of a networking event for access on non-traditional export market through conference and B2B meetings								\$16.368	\$11.118	\$5.250
3	Support to the sustainable and continuous domestic production of high quality, certified, market demanded fruit planting material								\$45.815	\$11.265	\$34.550
4	Support for the establishment and cultivation of the intensive apple orchard in Prespa and promotion of the market demanded varieties through demonstration plot								\$38.340	\$4.840	\$33.500
5	Analysis of experiment results from different post harvesting techniques for various apple varieties								\$10.681	\$5.181	\$5.500
6	Cost benefit analysis of the use of alternative heating systems								\$14.515	\$9.265	\$5.250
7	Guidelines for the promotion of environmental friendly technologies for pepper production and post harvesting operations								\$9.181	\$6.281	\$2.900
8	Visit to the Apple Fair (INTERPOMA in Bolzano, Italy, 14-18 November 2012)								\$13.627	\$7.042	\$6.585
9	Improvement of market linkages through an exhibition stand at Fruit Logistica 2013								\$54.730	\$11.106	\$43.624
10	Improvement of the fresh fruits supply chain efficiency through providing support in the initiation of a modern distribution center								\$22.060	\$10.760	\$11.300
TOTAL Budget:									\$240.867	\$83.948	\$156.919
Cost Share (in %)									100%	35%	65%

3.3.4 SUPPORT FOR INVEST MACEDONIA

Although with some delay, due to internal restructuring of the agency during FY 12, AgBiz in close cooperation with Investment Development and Export Advancement Support (IDEAS) implemented a considerable set of export promotional activities, developed a directory with Agribusiness companies from FF&V, PF&V, Wine, Meat and Dairy to be uploaded on Invest Macedonia E-Portal and helped IM to obtain and successfully utilize Euromonitor's International Market Data.

The planned support to Invest Macedonia for FY'13 will continue to focus on building Invest Macedonia Export Promotion capacity and institutional development so the Agency can perform two export promotion functions i.e. business development and market information.

TABLE #6. SUPPORT FOR INVEST MACEDONIA

FY'13 KEY OBJECTIVES										
1	Building Invest Macedonia Export Promotion capacity, institutional development, and the creation of model through the introduction of two export promotion functions by Invest Macedonia i.e. business development and market information functions									
2	Support Invest Macedonia to gain practical experience in organizing trade missions abroad, specialized presentations, buying missions in Macedonia as the key functionalities in the area of export promotion that shall be provided by IM to the private sector									
FY'13 ACTIVITES Implementation Plan								BUDGET		
Activity Description	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Total Cost	AgBiz Cost	Cost Share
1								\$7.600	\$2.780	\$4.820
2								\$23.000	\$9.000	\$14.000
3								\$13.700	\$6.000	\$7.700
TOTAL Budget:								\$44.300	\$17.780	\$26.520
Cost Share (in %)								100%	40%	60%

3.3.5 DEVELOPMENT OF SECTOR EXPORT MARKETING PLANS FOR FF&V AND PV VCs

The process for develop Export Marketing Plans for both VCs 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 support. This will be done by involving the PF&V and FF&V value chain stakeholders, Invest Macedonia, government bodies and other relevant entities. A joint approach and cooperation between relevant stakeholders is necessary for reaching a higher level of consensus and successful accomplishment of the component objective. This process will encourage all respective stakeholders to provide serious input into development of the Export Marketing Plans for both value chains that will secure inclusion of their vision, realistic analysis of the competitive advantages and projections. This is particularly important for further successful implementation of activities derived from the Marketing Plans.

Macedonia Export (LF) will integrate the knowledge and experience of, and closely coordinate with, the designated CBI local representative and International experts. The Work Plan for 2013 foresees 4 joint workshops for each of the VCs. Before and after each workshop the LF will coordinate many more coordination sessions / meetings with the specific working group for both VCs (Fresh Fruits and Vegetable and Processed Fruit and Vegetables). Each workshops and follow up will be presented as a separate activity. The component is managed by the AgBiz CoP.

The following table shows the key objectives and approved activities for this component, for the 7 month period.

TABLE #7. DEVELOPMENT OF VALUE CHAINS EXPORT STRATEGIES AND PLANS										
FY'13 KEY OBJECTIVES										
1	Developed SEMP for fresh fruits and vegetable									
2	Developed SEMP for processed fruits and vegetable									
FY'13 ACTIVITES Implementation Plan								BUDGET		
Activity Description	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Total Cost	AgBiz Cost	Cost Share
1								\$27.618	\$8.806	\$18.812
2								\$29.118	\$10.572	\$18.546
3								\$30.884	\$10.572	\$20.312
4								\$26.472	\$8.446	\$18.026
5								\$22.695	\$6.115	\$16.580
TOTAL Budget:								\$136.787	\$44.511	\$92.276
Cost Share (in %)								100%	33%	67%

3.3.6 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.

The support to the Ministry of Agriculture, Forestry and Water Economy will continue to 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 practice so far with engaging experienced experts from the scientific institutions to work in cooperation with employees in various MAFWE departments confirmed to be very effective and within the required timeliness. The MAFWE proposed a set of activities that were discussed with their departments and, during the AWP Workshop, proposed activities were presented. The component is managed by the AgBiz DCoP for Public Sector Liaison & Access to Finance.

The following table shows the Activities for the Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund (SOF) Component. The table shows the activities for the coming 7 months of FY '13.

TABLE #8. STRATEGIC PLANNING AND POLICY MAKING AT MAFWE AND SPECIAL OPPORTUNITY FUND											
FY'13 KEY OBJECTIVES											
1	Encourage development and growth in agricultural and rural sector										
2	Strengthen the ability of Macedonian agriculture sector to compete in the integrated regional markets of the European Union and south-eastern Europe										
3	Adoption of policies and strategies, further approximation of legislation and institutional building										
FY'13 ACTIVITES Implementation Plan								BUDGET			
Activity Description		Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Total Cost	AgBiz Cost	Cost Share
1	Technical assistance for preparation of the Annual Agriculture Report 2011								\$7.200	\$6.000	\$1.200
2	Building Human Resources capacities (preparation for negotiations)								\$14.000	\$13.000	\$1.000
3	Preparation of Strategic Framework Document for the National Agricultural and Rural Development Strategy (NARDS) 2014-2020								\$15.000	\$12.500	\$2.500
4	Support in preparation of secondary legislation based on the recently adopted laws related to agriculture sector								\$11.000	\$8.500	\$2.500
TOTAL Budget:									\$47.200	\$40.000	\$7.200
Cost Share (in %)									100%	85%	15%

3.3.7 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, and engage relevant consultants as Short-term Technical Assistance (STTA). It is expected that the VC and non VC LFs as well as AgBiz staff, through their daily communication with the Lead Actors, GoM and primary producers, will play a major role in comprehending the problems, and selecting the most feasible ones to be addressed. Each PIRN will be addressed by engaging a consultant to provide STTA. The component will be managed by the AgBiz DCoP for Public Sector Liaison & Access to Finance.

Activities are not distinctly outlined for this component because the identification of PIRNs and actions to be undertaken to address them will be identified as the year progresses.

3.3.8 PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT

The component objective is to provide conditions for establishing a dialogue between the public and private sector by strengthening the capacities of VC participants and representatives of GoM institutions and setting up a system for regular communication and exchange of views on certain topics and documents in fruit and vegetable sub-sectors.

In order to enable more efficient implementation of the planned objective and to improve project impact, CeProSARD will continue supporting subsector standing groups for fruit and vegetable created as official structure with decision from the Minister of Agriculture. The project will continue to strengthen their capacity in line with findings from the training needs assessment organized in the first phase of project implementation. This will influence improvement of skills of the subsector standing groups' members for cooperation and active participation in the process of effective communication and fruitful PPD.

As a next step in achievement of successful PPD, the project will organize a series of meetings and round tables addressing urgent issues and important topics of interest for both target groups. At these meetings, effective PPD will be piloted and demonstrated and joint decisions will be made.

Furthermore, the component will make final adjustments to and promote the on-line information tool¹ for fruit and vegetable that can be used as a very useful instrument in fostering establishment of sustainable private public dialogue in the fruit and vegetable subsectors.

Thus, the Project will set up a sustainable and stable basis for continuous dialogue between the public and the private actors in the fruits and vegetables sector in Republic of Macedonia.

The following table shows the Key Objectives and approved Activities for this component in the coming 7 months.

TABLE #9. PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT											
FY'13 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 through support of the subsector standing groups										
FY'13 ACTIVITES Implementation Plan								BUDGET			
Activity Description		Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Total Cost	AgBiz Cost	Cost Share
1	Continuing the process of capacity building of value chains participants and representatives of government institutions								\$9.540	\$6.800	\$2.740
2	Organizing working meetings on different fruits and vegetables related topics								\$9.890	\$6.380	\$3.510
3	Regular update of the on-line tool for sub sector standing groups for fruits and vegetables								\$3.920	\$3.100	\$820
TOTAL Budget:									\$23.350	\$16.280	\$7.070
Cost Share (in %)									100%	70%	30%

3.3.9 ENHANCED ACCESS TO FINANCE

AgBiz through LF Innovation Center will continue to support enhanced 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. The LF Innovation Center will continue to implement activities to assist firms and farmers in the PV and FF&V Value Chains, to access finance. This will be done through utilization of the already established pool of Financial Consultants, educational events and dissemination of AtF information tools. Seasonality aspect is of great importance, therefore the LF will maximize its efforts to accommodate companies' and farmers' need for finance during the season. AgBiz DCoP for Public Sector Liaison & Access to Finance is responsible for supervision of this component.

The following table shows the Key Objectives and approved Activities for this component in the coming 7 months.

TABLE #10. ENHANCED ACCESS TO FINANCE	
FY'13 KEY OBJECTIVES	
1	Help companies and farmers from AgBiz VCs successfully access finance
2	Match the companies and farmers that need financing with sources of funding (e.g. match supply and demand), to educate companies and farmers about specific financial products dedicated to their target group
FY'13 ACTIVITES Implementation Plan	
BUDGET	

¹ On-line information tool is available on CeProSARD's web page on the following link:
<http://ceprosard.org.mk/PPG/Default.aspx>

TABLE #10. ENHANCED ACCESS TO FINANCE											
Activity Description		Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Total Cost	AgBiz Cost	Cost Share
1	Helping companies and farmers access finance by cost-sharing the services of IC FP pool of Financial Facilitators								\$22,000	\$11,000	\$11,000
2	Education events								\$4,500	\$900	\$3,600
TOTAL Budget:									\$26,500	\$11,900	\$14,600
Cost Share (in %)									100%	45%	55%

3.3.10 OUTREACH AND COMMUNICATION

In FY'13, outreach will maintain a focus on effective communication of AgBiz work results, impact, ideas and best 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 AgBiz objectives and Outreach and Communication activities. Kristina Deriban is responsible for all of these activities.

TABLE #11. OUTREACH AND COMMUNICATION											
FY'13 KEY OBJECTIVES											
1	Continue public awareness and knowledge of achievements and impact of the USAID funded projects										
2	Build media communication capacities of the Lead Facilitators										
3	Broader communication of the AgBiz Program work and results										
FY'13 ACTIVITIES Implementation Plan											BUDGET
Activity Description	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total Cost	
1	Identify, develop and release success stories										\$-
2	Develop and release media advisories and/or press releases										\$-
3	Provide assistance to lead facilitators in developing media advisories and press releases										\$-
4	Monitor and track published articles in media										\$-
5	Develop press clippings for the AgBiz quarterly report										\$-
6	Regular updates of the AgBiz website										\$-
7	Provide timely input for the USAID EG office Events Calendar										\$-
8	Provide guidance on branding and marking procedures and outreach compliance										\$-
9	Coordinate AgBiz close out ceremony										\$10,000
10	USAID officials field visits										\$-
TOTAL Budget											\$10,000

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 #12. MONITORING AND EVALUATION										
FY'13 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'13 ACTIVITIES Implementation Plan										
Activity Description	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	
1	Facilitate development of the FY'13 Annual Work Plan									
2	Based on projections provided by LFs' revise									

TABLE #12. MONITORING AND EVALUATION

	and update the Performance Monitoring Plan, including Indicator Targets for FY'13 and LoP								
3	Monitor and mentor VC and non-VC LFs to successfully implement data collection, reporting procedures and indicator achievements								
4	Provide ongoing analyses of accomplished vs. projected indicators								
7	Maintain electronic filing system to facilitate managing & documenting performance data								
5	Respond to special indicator results requests by developing customized reports on AgBiz performance indicators on as needed basis								
6	Closely monitor implementation of mitigation measures recommended by AgBiz PERSUAP and ensure proper reporting of environmental compliance and best practices								
8	Administer Quarterly Report development and compilation/assure conformity with 508 Federal Regulations								
9	Administer Final Technical Report Development and Compilation								

3.4 PLANNED ACTIVITIES AND BUDGET ALLOCATED SUMMARY

Table 13 below summarizes new Activities' Budget per component for FY '13 and LoP. The Table indicates total direct Component/Activity expenditures for FY '13 are projected to be around \$581,620. The exact amount will depend on the Macedonian Denar (MKD): USD exchange rate and actual LF and other subcontractor costs as well as the actual cost of planned Activities versus the estimated budget.

TABLE #13. FY'13 PLANNED ACTIVITIES AND BUDGET ALLOCATED

Implementing Partner/LF	I.R.s	Type of contract	Lead Facilitator	Direct AgBiz	Total
MCG Contract	Increased Domestic and export sales resulting from activities of local partners/ Improved Competitiveness & Productivity of targeted VC participants resulting from activities of local partners	LF Sub Contract	\$110,878	\$ 79,392	\$190,270
EPICENTAR Contract	Increased Domestic and export sales resulting from activities of local partners/ Improved Competitiveness & Productivity of targeted VC participants resulting from activities of local partners	LF Sub Contract	\$157,356	\$ 31,340	\$173,026
Invest Macedonia	Increased Global market presence IM	Multiple sub contracts	/	\$17,781	\$17,781
Macedonia Export	Export Promotion strategies developed for targeted VCs in cooperation with Invest in Macedonia and other Local partners	LF Sub Contract	\$ 45,166	/	\$ 45,166
Special Opportunity Fund	Strengthened Strategic Planning and policy Making at MAFWE , Special Opportunities Fund	Multiple sub contracts	/	\$59,638	\$59,638
PIRN Multiple Subcontracts	Strengthened Public Private Dialogue; Prioritization, Identification & Analyses	Multiple sub contracts	/	\$23,291	\$23,291

TABLE #13. FY'13 PLANNED ACTIVITIES AND BUDGET ALLOCATED

CeProSARD	Strengthened Public Private Dialogue; PIR & Organizational Capacity Enhancement	LF Sub Contract	\$32,520	/	\$32,520
Innovation Center	Increased access to finance in Agriculture Sector resulting from activities of local partners.	LF Sub Contract	\$24,259	/	\$24,259
TOTAL			\$370,179	\$211,441	\$581,620

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 EFFICIENT AND EXPEDIENT IMPLEMENTATION OF AGBIZ PROGRAM EXTENSION

The ability of AgBiz-supported Lead Facilitators to design and facilitate activities that more effectively and efficiently link value chain participants to viable markets remains a key factor of success. AgBiz staff will continue to achieve proper administration and control of subcontractors and provide guidance to and mentor LF in managing USAID/TtARD procurement procedures, managing budget and ensuring timely execution of their implementation plans. Since this is the last year of implementation within the LOP, AgBiz will put additional emphasis on indicators and data collection procedures to achieve accomplishments stated in the AgBiz Work Plan. LFs should plan the activities well ahead and have good estimation of the time needed for AgBiz; TtARD HO staff (STA/M and CO), USAID COR and RCO to review, request some modification and approve the documents required to start the implementation of each activity. Through imposing the Initial Environmental Examination and USAID Recommended Environmental Threshold Decision, the Program will make sure LFs' work complies with the requirements of 22 Code of Federal Regulations (CFR) 216 as prescribed in the project's environmental documentation.

One of the biggest challenges for AgBiz will remain strengthening sustainability of LFs and other BSPs as USAID legacy institutions that are able to provide valuable business expansion services, especially in the areas of productivity and export competitiveness enhancement, after AgBiz has been completed.

By enforcing cost-sharing (50%-70%) the implementation of all activities, AgBiz enforces VC stakeholders to be more committed and actively participate in upgrading the value chains. This makes BSPs more creative and encourages them to seek out clients who are convinced that the services have value, again resulting in a higher degree of sustainability. By encouraging the use of embedded services, AgBiz helps to permanently link BSPs and physical and service inputs suppliers to other stakeholders in the value chains, thus contributing to building a critical mass of trust and confidence among VC actors and supporting BSPs. Most importantly, by taking clues from the marketplace, AgBiz creates economic opportunities for the stakeholders in the value chains to grow and prosper, resulting in a higher level of profits that can then be reinvested in building the businesses, which will naturally result in a higher demand for services. It is expected that many value chain participants as well as the more functional trade and producer associations and sustainable Integrated Supply Chains developed by AgBiz will recognize and be willing to pay for BSP services.

4.1.2 HOW TO CONTINUE DEVELOPMENT OF VCS HORIZONTAL COORDINATION

Insufficiently organized and functional producer organizations, cooperatives and trade associations and a general lack of cooperation between processors and farmers towards consolidated production and joint market approach continuously limits the ability of small farmers to participate in profitable value chains and hinders the broad distribution of market information, best practices that would increase production and quality to meet market demand. Although in the last few years, number of cooperatives have been established and promoted, mainly by donor support, it's functioning on the field did not show the expected results. The cooperatives still face various problems including unstable structure, low confidence

in such system, non-strict business rules of organization, low level of investments, absence of tax preference etc.

During the extension AgBiz continued providing capacity building support to Macedonian Association of Processors (MAP) as the only relevant representative of the PV value chains. MAP will be involved in implementation of several activities of PVVCLF 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. Unfortunately, different development level, different size and understanding of the concept for joint approach still prevent FF&V VC stakeholders to collaborate in more formal way. Federation of Farmers of Republic of Macedonia (FFRM), as the most significant organization at the producer level, is directly included 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. The Advocacy and Public Private Dialogue LF, through Standing Working Groups will implement a set of activities to upgrade the capacity of VC trade associations and producer groups to more effectively utilize public private dialogue and advocate for policy and institutional reforms.

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

Although in the recent years some companies managed to enter and expand their sales on different international markets, the main export destination of FF&V products are still the Ex-YU markets. This practice is creating a high export market dependency on a small number of markets and represents a potential threat for the future sales and production.

Some of domestic exporters have made certain recent improvements such as introduction of market demanded varieties, standardized production and increased investment in post-harvesting facilities to improve finalization of products. But, at the same time, the Ex-Yugoslav markets are more and more supplied by other countries such as Italy, Morocco, Turkey, Spain that are leaders in production and export of FF&V, thus influencing and changing the customers' behavior. As an example, the Macedonian apple in 2006 was presented with 60% of the market in Bosnia and Herzegovina, while in 2011 only 6%. Macedonian pepper was number one on the Montenegro's market for decades, but lately the quality and packaging of other countries' peppers have prevailed although there are no administrative hinders at all for the Macedonian products.

Getting new markets is a serious challenge, since Macedonian production at this moment is still not fully ready for the EU markets especially regarding the post-harvest handling and packaging. In this respect there is a need for identification and targeting of non-traditional, new markets for Macedonian FF&V products.

One of the key obstacles companies face for expanding export is the considerable lack of relevant market information. Fresh produce exporters are making their business decisions based on an insufficient understanding of a specific markets and market segments, unconfirmed information on competitors and price positioning, etc. that reduces the likelihood of developing successful export. Also, by lacking market intelligence and resources for promotion, FF&V exporters find it difficult to identify and establish contacts with most relevant players on the market and create interest for establishing partnerships.

Therefore, AgBiz will continue responding to these needs through activities for increased understanding of the target markets and B2B meetings with potential buyers for the companies to be able to develop new export entry points in the next mid-term period.

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. The latest efforts to increase sales in the Russian market proved that the so called “minimum orders” by the large players (buyers) on the markets is difficult to satisfy without joint efforts of Macedonian companies for contracted quantity as well as uniformity of products’ quality.

Although almost all food exporters have implemented HACCP standard, traceability has been overlooked since all the efforts during the HACCP implementation focused on production processes. Major importers/traders of food products insist their suppliers to apply and conform to the safety requirements for both raw materials (primary production) and processed goods. Only companies that can prove that they are in line with the traceability concerns would remain active on the international trading scene. Therefore, for better achievement of increased food safety and food security, there is a need for implementation of GlobalGAP standard on the level of primary vegetable production. With the implementation of the standard both producers and processors will additionally assure food safety and quality and thus competitiveness of their products.

For better achievement of increased food safety and food security, there is a need for implementation of additional requirements such as British Retail Consortium (BRC) standard, International Food Safety (IFS) standard, etc. With implementation of the above mentioned standards (IFS in particular since it is the main requirement of continental European retailers from Germany, France, Italy), Macedonian companies will additionally assure food safety and quality of their products and will avoid potential non-tariff barrier to trade.

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 to as many as possible companies in order to overcome numerous variations of quality of Macedonian products including all steps of post-harvest handling.

4.2.3 QUALITY OF AVAILABLE PLANTING MATERIAL

One of the largest problems in organizing increased production of fruits and table grapes in Macedonia is the lack of high quality domestically produced planting material. The existing domestic production does not correspond to the identified market demand characteristics and it is also not certified. At this stage the GoM control of domestic production is also low resulting with low quality seedlings and rootstock on the market. In the next two years it is expected that the regulation for exclusive use of certified planting material will be in force, and in that moment the demand for such material will be much higher. Hence, initiating production of high quality certified planting material, is a necessary precondition for overall improvement of the fruit production. The current planting material is imported mainly from the neighboring countries such as Serbia for lower quality whereas those of high quality are supplied from Italy and France.

During the implementation of AgBiz in FY ‘12 in regards to increasing capacities for directing the production towards certified domestic planting material, numerous preparatory activities have been implemented. These included preparation of a detailed plan for selection of supplier and the procurement of rootstocks (mother plants), selection of location for their cultivation and preparation of guidelines for production of high quality certified planting material.

However, the process of implementation of all the necessary steps for a certified production is lengthy, especially considering the time of one year needed for planning and procurement of the mother plants. Many domestic planting material producers are still not ready and stating that due to biological processes they could start the production of certified planting material in 2015 at earliest. Thus they are expressing the need for delaying the legal requirement for production of certified planting material. AgBiz is

continuing with assistance to selected Lead Actors to achieve complete adaptation and certification of domestically produced planting material.

4.2.4 GLOBAL CRISIS AND DOWNSIZED LIQUIDITY OF IMPORTERS

Positive growth in export sales of both FF&V and PV VC in the last several years could be undermined by the financial crisis in Euro zone and economic difficulties of the countries from the region. Macedonian exporters of fresh and processed fruit and vegetables experience increasing delays in payments and difficulties in collecting receivables that negatively impact production and exporting activities. Having in mind that EU, Serbia, Croatia and Bosnia and Herzegovina are key export destinations, it is expected that financial difficulties of these countries would endanger financial liquidity, profitability and expansion plans of domestic producers in the forthcoming period.

4.2.5 ACCESS TO FAVORABLE SHORT TERM LOANS

Access to finance and particularly favorable short term loans (working capital) could be another external influence on performances of the PV VC members. The Macedonian Bank for Development and Promotion (MBDP) recently introduced a new credit line for agro-industry operators, with favorable interest rate and pay back periods. Yet, the main criteria for issuing the loans: beneficiary to provide collateral, i.e. mortgage of first instance of real estate, makes these loan possibility particularly unattractive to processing industry representatives, due to the fact that majority of them already have mortgages of first instance to commercial banks.

4.2.6 HIGH IMPORT DUTIES FOR OFF SEASON IMPORT OF FRESH PRODUCE FOR PROCESSING

Import of fresh fruits and vegetables is burdened with high import duties of 50 % import tax plus excise duty, reaching the value of 65% in total. Nonetheless, after the end of the season that is approximately October 15, there is no domestic production and supply of raw materials needed by the processing industry (peppers in particular). Therefore, reduction and/or elimination of the taxes for off season import of fresh produce for processing activities and later for export (for example from October 15 to December 31), will increase the performances of the industry and values and volumes of the exported goods. According to PV VC members, access to additional quantities of raw materials will increase their competitiveness; improve capacity utilization and production outputs of the companies. The issue has been noted for quite some time and recently, (during last year) has been a motivation factor for potential consideration and initial analysis by the World Bank for lifting the import levy for fresh vegetable products to be used as raw material.

However, the implementation of such policy alteration, although expected to positively affect the processing industry on one hand, may potentially have undesirable effect on the domestic raw material production. Fresh vegetables producers are worried because this could allow processors to slowdown the buyout of domestic produce as a result of prearranged import of raw material from more competitive Balkan producers, Turkey and even open the arena for longer distance suppliers. Therefore, it is crucial for a detailed analysis on the effects of such policy both at the processing as well as at the primary production side which will provide detailed quantified indications of potential risks and benefits.

4.2.7 INADEQUATE SUBSIDIES FOR DEVELOPMENT OF “INTENSIVE” ORCHARDS

The provided financial subsidies do not stimulate the creation of new competitive fruit orchards that will improve the competitiveness of domestic fruits production and create conditions for improved and stable

export of fruits with higher return for the Macedonian growers. Limited financial capacities of growers prevent individual investments in new market demanded fruit varieties. Hence, financial subsidies by the GoM play major role in defining the interest and the decision making for investing in establishing new plantations of fruit trees. Current subsidies offered for establishment of new orchards do not consider different subsidizing scheme based on production dynamic and productivity level. This system had resulted in reduced interest of farmers for investments in setting new “intensive” orchards, but rather encouraged establishing traditional orchards that demand less investment. This situation is negatively affecting long term competitiveness of the value chain and diminishes certain competitive advantages in fruit production, particularly for apples and peaches.

4.2.8 POSSIBLE EARLY ELECTIONS WILL DE-FOCUS PUBLIC PRIVATE DIALOGUE

The activities in the component Strengthening Public Private Dialogue are linked with the various activities from both target groups – GoM bodies and VC representatives, therefore they might have some influence on AgBiz Program implementation. Their interest for cooperation might foster the establishment of the Public Private Dialogue and contrary, if there is no interest for cooperation and other important issues are put on the agenda, PPD might be not functionally established and sustainable.

Consequently, if the Government decides to organize early elections, some of the project activities might be treated as not so essential and therefore postponed for the period after the elections. In order to avoid negative influence, CeProSARD Team will continue working closely with all partners, both the GoM employees and representatives from VC organizations, putting emphasis on the importance of the cooperation and benefits from successful PPD for all involved actors. This approach was very much appreciated by all partners in the previous period of the project implementation and contributed to achievement of significant results in a short period of time.

5.0 FY '13 BUDGET

In September 2012 USAID has approved a Contract Modification #12. The purpose of the Modification was to incrementally and fully fund the Task Order by \$1,189,327, thereby increasing the total obligated amount from \$7,100,000 to \$8,289,327, which is estimated to cover expenditures through the end date of the Task Order which is June 18, 2013.

Table 14 shows the projected FY '13 AgBiz budget. It is important to note that by the end of FY'12 the Program term, is at 89% complete, and about 85% of the budget expended. This leaves about 15% of the budget and the fully obligated funding to be spent in FY'13.

TABLE #14. FY'13 BUDGET			
Budget Category	Contract Budget	Spent to date	FY'13
		3/19/07 - 9/30/12	10/1/12 - 6/19/13
Time Spent	100%	89%	11%
Time months	74,5	66	8,5
Budget Spent		85%	15%
Total All Other Costs	\$7,478,638	\$6,332,872	\$1,145,766
GRANTS	\$465,024	\$465,024	0
TOTAL CONTRACT COSTS	\$7,943,662	\$6,797,896	\$1,145,766
FEE	\$345,664	\$264,249	\$81,415
TOTAL	\$8,289,326	\$7,062,145	\$1,227,181

6.0 FY'13/CY'12 AND LOP INDICATORS PROJECTION

Table 15 below presents the actual results achieved in CY'11/FY'12 and anticipated indicators to be attained in CY'12 and in the remaining FY'13 (October, 2012 – June 18, 2013) portion of the Program. The last 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 5 new varieties and products in FY'13. The Activities that are planned to be implemented in FY'13 encompass various types of assistance and will be carried out by around 30 Business Service Providers. Nineteen (19) new technologies or management practices including agriculture-related technologies and innovations, financial management, strategic planning and marketing will be introduced to 325 private sector firms and customized trainings, workshops and seminars will be delivered to over 1,000 individuals. It is anticipated that additional 122 exporters and participants will be integrated in the supported value chains. The vertical and horizontal linkages will be strengthened by making additional 329 formal delivery contracts.

To further enhance the agricultural business environment, 5 new strategies/plans/assessments for enhancing the competitiveness of AgBiz supported VCs will be developed and 2 policy reforms and regulations will be presented for public consultation (out of 6 policy and institutional reform needs identified). The public-private dialogue between the agriculture sector and the Government of Macedonia will be strengthened by implementing 15 advocacy capacity building activities, and 46 VC entities and over 200 individuals will receive training and develop capacity to advocate for policy and institutional reform.

Around \$3.5 million worth of loans will be facilitated from a variety of sources for 18 MSMEs, thus increasing access to finance in the agriculture sector. It is anticipated that these accessed loans will stimulate additional \$0.5 million companies' investment. The direct investment by LAs stimulated for increasing competitiveness, production and sales will be around \$0.4 million in FY'13, not including customers' cost-share in AgBiz supported activities worth over \$414,000.

In CY'12, it is anticipated the value of sales to be over \$39 million. 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 \$1.9 million in CY'12, 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 17% 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 #15. CY'11/FY'12 ACHIEVEMENTS TO DATE, CY'12/FY'13 AND LOP TARGETS

ACTUAL RESULTS									
		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS		PERFORMANCE (in %)	PROJECTED RESULTS		
Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	CY'11 (Jan 1-Dec 31, 2011) TARGETS	FY'12 (Oct 1, 2011 - Sep 30, 2012) ACTUAL RESULTS	FY'12 (Oct 1, 2011- Sept 30, 2012) TARGETS	CY'12 (Jan 1-Dec 31, 2012) TARGETS		FY'13 (Oct 1, 2012- Jun 18, 2013) TARGETS	LoP	
Overall Objective: Increased incomes for all types of participants in selected agricultural value chains									
Indicator Number	Indicator Title								
Indicator 1.	Value of incremental sales (collected at farm-level) attributed to USG assistance (in US Dollar)	\$1.221.754	\$1.160.518	N/A	N/A	105%	\$1.988.489	N/A	\$3.210.243
Indicator 2.	Percent change in value of total sales of targeted agricultural commodities	7%	7%	N/A	N/A	100%	17%	N/A	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 (in US Dollar)*	\$35.688.747	\$35.643.217	N/A	N/A	100%	\$39.057.346	N/A	\$5.800.204
Indicator 1.1.2	Volume of sales of targeted agricultural commodities as a result of USG assistance (in MT)**	39.413	39.717	N/A	N/A	99%	44.580	N/A	8.413
Output Level Indicators									
Indicator 1.1.1.1	Number of new varieties and products from the supported VCs developed	N/A	N/A	27	16	169%	N/A	5	32
Indicator 1.1.1.2	Number of new exporters and new participants in the supported value chains	276	206	N/A	N/A	134%	122	N/A	398
Indicator 1.1.1.3	Number of export capacity enhancement activities for Invest Macedonia	N/A	N/A	8	10	80%	N/A	3	11
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 private sector firms that have improved management practices as a result of USG assistance***	N/A	N/A	1.568	1.293	121%	N/A	325	1.893
Indicator 1.2.2	Number of new technologies or management practices introduced	N/A	N/A	80	41	195%	N/A	19	99
Output Level Indicators									
Indicator	Number of formal delivery contracts	433	249	N/A	N/A	174%	329	N/A	762

TABLE #15. CY'11/FY'12 ACHIEVEMENTS TO DATE, CY'12/FY'13 AND LOP TARGETS

ACTUAL RESULTS									
		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS		PERFORMANCE (in %)	PROJECTED RESULTS		
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	CY'11 (Jan 1-Dec 31, 2011) TARGETS	FY'12 (Oct 1, 2011 - Sep 30, 2012) ACTUAL RESULTS	FY'12 (Oct 1, 2011- Sept 30, 2012) TARGETS		CY'12 (Jan 1-Dec 31, 2012) TARGETS	FY'13 (Oct 1, 2012- Jun 18, 2013) TARGETS	LoP
1.2.1.1	made by supported VC participants****								
Indicator 1.2.1.2	Total number of individuals who have received USG supported short-term agricultural training	N/A	N/A	3.754	3.258	115%	N/A	1.056	4.810
Indicator 1.2.1.2 a	Number of male individuals who have received USG supported short-term agricultural training	N/A	N/A	2.932	2.445	120%	N/A	809	3.741
Indicator 1.2.1.2 b	Number of female individuals who have received USG supported short-term agricultural training	N/A	N/A	822	813	101%	N/A	247	1.069
Indicator 1.2.1.3	Number of capacity-building service providers receiving USG assistance	N/A	N/A	95	55	173%	N/A	27	122
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	N/A	N/A	4	4	100%	N/A	2	6
Output Level Indicators									
Indicator 1.3.1.1	Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed	N/A	N/A	7	10	70%	N/A	8	15
Indicator 1.3.1.1 a	Number of policy reform needs identified	N/A	N/A	16	12	133%	N/A	6	22
Indicator 1.3.1.2	Number of Sector Export Promotion Strategies developed	N/A	N/A	In Progress	2	N/A	N/A	2	2
Indicator 1.3.1.3	Number of advocacy capacity building activities implemented	N/A	N/A	9	9	100%	N/A	15	24
Indicator 1.3.1.4	Number of VC entities who have received advocacy capacity building training	N/A	N/A	36	34	106%	N/A	46	82
Indicator 1.3.1.5	Number of individuals who have received advocacy capacity building training	N/A	N/A	256	245	104%	N/A	217	473
IR 1.4	Increased access to finance in the agriculture sector resulting from the activities of local partners								

TABLE #15. CY'11/FY'12 ACHIEVEMENTS TO DATE, CY'12/FY'13 AND LOP TARGETS

ACTUAL RESULTS									
		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS		PERFORMANCE (in %)	PROJECTED RESULTS		
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	CY'11 (Jan 1-Dec 31, 2011) TARGETS	FY'12 (Oct 1, 2011 - Sep 30, 2012) ACTUAL RESULTS	FY'12 (Oct 1, 2011- Sept 30, 2012) TARGETS		CY'12 (Jan 1-Dec 31, 2012) TARGETS	FY'13 (Oct 1, 2012- Jun 18, 2013) TARGETS	LoP
Indicator 1.4.1	Value of loans facilitated from non-DCA and DCA-supported finance institutions (in 000 USD)	N/A	N/A	4.456,1	4.000	111%	N/A	3.500	7.956
Output Level Indicators									
Indicator 1.4.1.1	Number of MSMEs receiving USG assistance to access bank loans or private equity	N/A	N/A	22	20	110%	N/A	18	40
Indicator 1.4.1.2	Value of customer financing need identified (in 000 USD)	N/A	N/A	4.090	925	442%	N/A	270	4.360
Indicator 1.4.1.3	Value of value chain participants investment stimulated (in 000 USD)	N/A	N/A	1.798	1.537	117%	N/A	372	2.170

* The LoP Value of sales is a sum of the increased/decreased values achieved in CY2011 compared to the baseline (CY2010: \$33,257,142) and the increased/decreased value to be achieved in CY2012 compared to sales realized in CY2011

** The LoP Volume of sales is a sum of the increased/decreased volume achieved in CY2011 compared to the baseline (CY2010: 36,167MT) and the increased/decreased volume to be achieved in CY2012 compared to sales realized in CY2011

*** This Standard Indicator is for USAID/Macedonia reporting purposes through annual Operational Plans and Performance Reports under Program Element 4.6.2 Private Sector Productive Capacity

**** The LoP Number of formal delivery contracts is a sum of increased/decreased number of formal delivery contracts made in CY2011 compared to the baseline (CY2010: 738) and the increased/decreased number of contracts to be made in CY2012 compared to number of contracts made in CY2011

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