

APPENDIX 1 – EXTERNAL REPORTS

1.1 Subsidies being Offered to Macedonian Agriculture

Number of Farmers Receiving Subsidies under the Program for Stimulation of the Development of the Agriculture in 2006¹

	Measure	Budgeted MKD	Spent MKD	% Spent	Individual Farmers Benefited	Commercial Farming Enterprises Benefited
1	Financial support for produced and sold wheat	404,000,000	361,662,405	90	57,405	
2	Financial Support for barley planted in the production season 2005/06	53,000,000	51,194,557	97		66
3	Financial support for planted corn	26,000,000	25,348,224	97		42
4	Financial support for establishing new vineyards and orchards	18,800,000	25,430,981	135		19
5	Financial support for stimulating tobacco production	343,000,000	342,431,972	100	31,342	
6	Financial support for registered heads of cattle	66,826,000	86,585,000	130		37
7	Financial support for maintaining of the sheep population (national flock)	90,500,000	110,008,744	122		31
	TOTAL	1,002,126,000	1,002,661,883			

¹ Source MZSV web site.

Number of Farmers Receiving Subsidies under the Program for Stimulation of the Development of the Agriculture in 2007²

Measure	Budgeted MKD	Spent MKD	Individual Farmers Benefited	Commercial Farming Enterprises Benefited
Financial support for wheat produced and sold in the prod. season 2005/06	13,000,000			
Financial support for wheat produced and sold in the prod. season 2006/07	185,000,000			
Financial support for oil seeds (sunflower, soy, field mustard) in 2007	36,000,000			
Financial support for greenhouse production in 2007	10,650,000			
Financial support for production of industrial pepper in tunnels and on open field	25,000,000			
Financial support for establishing new vineyards	85,000,000			
Financial support for establishing new orchards	27,000,000			
Financial support for established new strawberry fields	750,000			
Financial support for cattle farms with minimum 5 registered heads	90,000,000			
Financial support for cattle farms with minimum 30 registered heads under control and with beef orientation	6,000,000			
Financial support for registered pure breed cows from which are under production control in farms having minimum 10 heads	5,000,000			
Financial support for increasing the sheep flock in farms having minimum 50 heads	192,000,000			
Financial support for purchasing male breeding stock (rams)	1,250,000			
Financial support for increasing the goat flock in farms having minimum 30 heads	24,500,000			
Financial support for purchasing male breeding stock (bucks) fro the Alpina breed	400,000			
Financial support for raised and sold minimum 5 pigs to the slaughterhouses weighing between 90-120 kg	30,000,000			
Financial support for purchasing pedigreed pigs	3,200,000			
Financial support for raised and sold broilers to slaughterhouses	9,000,000			
Financial support for produced and sold one day old broiler chicks	3,000,000			
Financial support for produced and sold one day old chicks from hybrids for egg	1,000,000			

² Source MZSV web site. Data not available yet

Measure	Budgeted MKD	Spent MKD	Individual Farmers Benefited	Commercial Farming Enterprises Benefited
production				
Financial support for purchasing bee Quinn	300,000			
Financial support for purchasing bee nucleuses	1,200,000			
Financial support for planted areas under plants suitable for honey production	750,000			
Financial support for producing asparagus	1,080,000			
Financial support for cultivating medicinal, aromatic and spice plants	2,000,000			
Financial support for established new olive groves	2,000,000			
Financial support for ostridge farms	1,600,000			
Financial support for snail farms	1,500,000			
Financial support for implemented food safety standards in agriculture	4,600,000			
Financial support in implementing sustainable systems in utilization of natural resources	1,340,000			
Financial support for conducting lab analysis of an agricultural product destined for the domestic or export market	1,200,000			
Financial support for the rural population in specified areas	15,000,000			
TOTAL	780,320,000			

Program for Rural Development for 2007³

Measure	Budgeted MKD	Spent MKD	Individual Farmers Benefited	Commercial Farming Enterprises Benefited
Investments in equipment and machinery for plant production for physical entities registered as farm operators	14,000,000			
Investments in equipment and machinery for animal production for physical entities registered as farm operators	10,000,000			
Investments in equipment and machinery for animal production for legal entities registered as farm operators	10,000,000			
TOTAL	34,000,000			

Program for Stimulating and Development of Organic Production in 2007⁴

Measure	Budgeted MKD	Spent MKD	Individual Farmers Benefited	Commercial Farming Enterprises Benefited
Financial support for areas in conversion from conventional to organic production	4,000,000			
Financial support for organic production on livestock farms	2,000,000			
Financial support for costs of certification of organic production	2,000,000			
Financial support for laboratory analysis on organic farms	1,000,000			
TOTAL	9,000,000			

³ Source MZSV web site. Program . Program devoted for purchasing new equipment and machinery under 50% cost share.

⁴ Source MZSV web site

ИЗВЕШТАЈ
за реализација на Програмата за поттикнување на развојот
на земјоделството за 2006 година

Од Буџетот на Република Македонија (Сл.Весник на РМ бр.31/06, бр.68/06, бр.76/06, бр.79/06 и бр.129/06) беа обезбедени средства во износ од 1.032.694.000,00 денари. За реализација на истите по намени Владата на Република Македонија донесе Програма за поттикнување на развојот на земјоделството во 2006 година во која беа утврдени критериумите и условите за реализација на мерките.

Преку Министерството, за земјоделство, шумарство и водостопанство се реализираа следните мерки:

		Предвидени средства од Програмата	Буџет со ребаланс
1	Финансиска поддршка за развој на растителното производство кај одделни видови земјоделски култури производство	301.000.000,00	845.800.000,00
2	Финансиска поддршка за развој на сточарско производство	100.000.000,00	160.326.000,00
3	Водостопанство	30.000.000,00	13.068,00
4	Недоволно предвидени средства	5.000.000,00	2.500.000,00
5	Општи мерки	9.000.000,00	11.000.000,00
	Вкупно	445.000.000,00	1.032.694.000,00

Правата и обврските на корисниците на средства од оваа програма беа утврдени со решениа за начинот за остварување на правото за користење на средствата што ги пропиша министерот за земјоделство, шумарство и водостопанство и договори што ги склучуваше министерот за земјоделство, шумарство и водостопанство.

Растително производство

Во областа на растителното производство (поледелство, овоштарство и лозарство) се реализираа следниве мерки:

Растително производство	Предвиден и средства од Програмата	Предвиден и средства од Програмата со ребаланс на Буџетот	Исплатени средства	Нереализирани средства
Вид на мерка				
Поледелство				

1.1.	Финансиска поддршка за произведена и продадена пченица	186.000.000,00	404.000.000,00	361.662.405,00	42.337.595,00
1.2.	Финансиска поддршка за засеана површина со јачмен во производната 2005/2006 година	50.000.000,00	53.000.000,00	51.194.557,00	1.805.443,00
1.3.	Финансиска поддршка за засеана површина со пченка во производната 2006 година	45.000.000,00	26.000.000,00	25.348.224,00	651.776,00
	Лозарство и овоштарство				
1.4.	Финансиска поддршка за подигање на нови лозови насади со квалитетни вински сорти грозје и за подигање на нови овошни насади од круша и коскесто овошје (праска, кајсија, слива и вишна) и за подигање на нови насади од ситно овошје (малина, капин, рибизла и јагода)	20.000.000,00	18.800.000,00	25.430.981,00	(6.630.981,00)
	Тутунско производство				
1.5.	Финансиска поддршка за поттикнување на примарното тутунско производство од реколтата 2005 година		343.000.000,00	342.431.972,00	568.028,00
1.6.	Финансиска поддршка за унапредување на пасишта		1.000.000,00	6.000.000,00	(5.000.000,00)
	Вкупно	301.000.000,00	845.800.000,00	812.068.139,00	33.731.861,00

За финансиска поддршка во растителното производство со Програмата за поттикнување на развојот на земјоделството во 2006 година и со ребаланс на Буџетот беа предвидени вкупно 845.800.000,00 денари. За реализација на мерките се исплатија вкупно 812.068.139,00 денари, од кои за делот поледелство 438.205.186,00 денари, за делот овоштарство и лозарство 25.430.981,00 денари, за примарното тутунско производство

342.431.972,00 денари и за делот унапредување на пасишта 6.000.000,00 денари.

За точката 1.1. Финансиска поддршка за произведена и предадена пченица од планираните 404.000.000,00 денари, реализирани се средства во износ од 361.662.405,00 денари. За секој предаден килограм пченица се исплаќаше по еден денар. Така, со овие средства финансиски се поддржани 57.405 земјоделски производители на пченица.

За точката 1.2. Финансиска поддршка за засеани површини со јачмен во производната 2005/2006 година од планираните 53.000.000,00 денари, реализирани се средства во износ од 51.194.557,00 денари. За секој засеан хектар јачмен се исплаќаше по 1.000,00 денари. Така, со овие средства финансиски се поддржа засејување на околу 51.194,55ха под јачмен.

За точката 1.3. за Финансиска поддршка за засеани површини со пченка во производната 2006 година од планираните 26.000.000,00 денари, реализирани се средства во износ од 25.348.224,00 денари. За секој засеан хектар пченка се исплаќаше по 1.000,00 денари. Така, со овие средства финансиски се поддржа засејување на околу 25.348,22ха под пченка.

За точката 1.4. за Финансиска поддршка за подигање на нови лозови и овошни насади со квалитетни сорти од планираните 18.800.000,00 денари, реализирани се средства во износ од 25.430.981,00 денари. За секој засеан хектар лозов насад се исплаќаше по 32.000,00 денари, а за секој засеан хектар овошен насад се исплаќаше 16.000,00 денари. Така, со овие средства финансиски се поддржа засејување на околу 670.968ха нови лозови насади, и 247.5ха нови овошни насади.

За точката 1.5. за Финансиска поддршка за поттикнување на примарното тутунско производство од реколтата 2005 година, од планираните 343.000.000,00 денари, реализирани се средства во износ од 342.431.972,00 денари. За секој предаден килограм тутун се исплаќаше по 15,00 денари. Така, со овие средства финансиски се поддржани 31.342 земјоделски производители на тутун.

За точката 1.6. за Финансиска поддршка за унапредување на пасиштата, односно за реализирање на планираните активности кои се однесуваат на подобрување на квалитетот на пасиштата, а во интерес на зголемување и подобрување на сточарското производство, на ЈП за пасишта се исплатени средства во вкупен износ од 6.000.000,00 денари.

Сточарско производство:

Во областа на сточарското производство (говедарство, овчарство и водење матично книговодство, селекција и мониторинг во земјоделството) преку Министерството, за земјоделство, шумарство и водостопанство се реализираа следниве мерки:

	Сточарско производство	Предвидени средства од Програмата	Предвидени средства од Програмата ребаланс на Буџетот	Исплатени средства	Нереализирани средства
	Вид на мерка				
	Говедарство				
2.1.	Финансиска поддршка за регистрирани грла говеда	50.000.000,00	66.826.000,00	86.585.000,00	-19.759.000,00
	Овчарство и козарство				
2.2.	Финансиска поддршка за одржување и зголемување на основното стадо овци	50.000.000,00	90.500.000,00	110.008.744,00	-19.508.744,00
2.3.	Финансиска поддршка за водење матично книговодство, селекција и мониторинг во земјоделството		3.000.000,00	3.000.000,00	-----
	Вкупно	100.000.000,00	160.326.000,00	199.593.744,00	39.267.744,00

За поттикнување на сточарското производство (говедарство, овчарство и водење матично книговодство, селекција и мониторинг во земјоделството) со Програмата за поттикнување на развојот на земјоделството во 2006 година и со ребаланс на Буџетот беа предвидени вкупно 160.326.000,00 денари. За реализација на мерките се исплатија вкупно 199.593.744,00, од кои за делот Говедарство 86.585.000,00 денари, за делот овчарство 110.008.744,00 денари, и за водење матично книговодство, селекција и мониторинг во земјоделството 3.000.000,00 денари.

За точката 2.1. Финансиска поддршка за регистрирани грла говеда, од планираните 66.826.000,00 денари, реализирани се средства во износ од 86.585.000,00 денари. По основ на оваа мерка финансиски беа поддржани 173.170 грла говеда.

За мерката 2.2. Финансиска поддршка за одржување на основното стадо овци, од планираните 90.500.000,00 денари, реализирани се средства во износ од 110.008.744,00 денари. По основ на оваа мерка финансиски беа поддржани 846.221 грла овци.

За мерката 2.3. Финансиска поддршка за водење матично книговодство, селекција и мониторинг во земјоделството, од планираните 3.000.000,00 денари, реализирани се средства во износ од 3.000.000,00 денари. За овозможување на преглед и пристап на веродостојни и сигурни податоци за потеклото и староста на грлата, за нивната продуктивност, плодност, развиеност, здравје и наследни способности и со тие податоци да можат грлата правилно да се оценат и со тоа да се одберат за понатамошна репродукција потребно е водење на матичното книговодство. За работата на републичката служба за водењето на матичното книговодство, селекција и следењето на состојбите во сточарството на овластената институција ЈНУ Институт за сточарство беа исплатени средства во вкупен износ од 3.000.000,00 денари.

Средствата од дел И точка 3 на оваа програма за финансиска поддршка за развој на водостопанството во вкупен износ од 30.000.000,00 денари беа распределени за следните намени:

ДЕЛ И точка 3 Мерка	Одобен и средства во 2006 г.	Одобрени средства со ребаланс во 2006г.	Склучени договори и решенија во 2006г.	Исплатени средства во 2006 г.	Неисплатен и средства во 2006г.
3.1. Изградба и реконструкција на водостопански објекти за наводнување и надзор над изведбата	10.000.000,00	5.600.226,00	11.675.925,0 1.279.287,00*	5.600.226,00	5.354.896,00
3.2.Преструктурирање на наводнувањето	2.000.000,00	831.820,00	831.820,00	831.820,00	0
3.3. Заштита од штетно дејство на водите	12.000.000,00	4.400.000,00	4.873.680,0 749.218,00*	4.400.000,00	1.222.898,00
3.3. Изработка на техничка документација	6.000.000,00	2.235.954,00		2.235.954,00**	0
ВКУПНО:	30.000.000,00	13.068.000,00	18.578.020,00	13.068.000,00	6.577.794,00

* _____ Анекс договор

** _____ Извршно судско решение

За предвидените 30.000.000,00 денари беа склучени 5 договори во износ од 18.578.020,00 денари. Договори се склучени со Водна заедница “Маздрача” с. Неготино-Врапчиште за довршување на бетонирањето на главниот доведен канал од река Маздрача до с.Добридол во износ од 2.000.000,00 денари, со фирмите ГЕИНГ и Монтинг Енергетика од Скопје за санација и ревитализација на хидромеханичката и електричната опрема вградена во темелните испусти на браните Глажна, Липково и Ратевска Река во износ од 8.165.081,00 денари и анекс договор во износ од 1.279.287,00 денари, за надзор над изведбата на санацијата и ревитализацијата на хидромеханичката и електричната опрема со фирмата “Цирко”-Скопје во износ од 1.349.920,00 денари, за “Чистење на 13-ти канал и канал Логоварди” со фирмата “Стентон градба”-Битола во износ од 4.873.680,00 денари и анекс договор во износ од 749.218,00 денари, за надзор над изведбата за “Чистење на 13-ти канал и канал Логоварди” со фирмата “Еко-Мар”инженеринг-Битола во износ од 160.834,00. Исто така беше донесено решение за исплата на придонеси за вработување и ПИО за вработените од ВРО “Малешевско Поле”–Берово во износ од 831.820,00 денари, за кое Владата на Република Македонија донесе одлука за ликвидација.

Вкупно склучените договори се во износ од 18.578.020,00 денари.

Од склучените договори не се реализира договорот со Водна заедница “Маздрача”, поради тоа што водната заедница не ја спроведе постапката за јавна набавка. Работите по другите склучени договори се реализираа. За реализираните договори исплатени се средства во износ од 10.000.226,00 денари, а неисплатени се 6.577.794,00 денари. Овие средства не беа исплатени поради тоа што со ребалансот на буџетот вкупните средства од програмата во износ од 30.000.000,00 денари беа намалени на 13.068.00,00 денари. Покрај исплатените 10.000.226,00 денари за склучените 4 договори и со решение исплатените 831.820,00 денари за реструктурирање на ВРО “Малешевско Поле”–Берово (придонеси за вработување и ПИО) исплатени се и 2.235.954,00 денари по извршно судско решение.

Недоволно предвидени средства

	Вид на мерка	Предвидени средства од Програмата	Предвидени средства од Програмата со ребаланс на Буџетот	Исплатено	Остаток
4	Довршување на започнати мерки и неподмирени обврски во 2005 и недоволно предвидени средства одделни мерки во 2006 година	5.000.000,00	2.500.000,00	1.807.778,00	690.222,00
	Вкупно				

За довршување на започнатите мерки и неподмирени обврски во 2005 и за недоволно предвидени средства по одделни мерки во 2006 година со Програмата беа предвидени 5.000.000,00 денари, а се исплатија вкупно 1.807.778,00 денари.

Општи мерки

	Вид на мерка	Предвидени средства од Програмата	Предвидени средства од Програмата со ребаланс на Буџетот	Исплатено	Остаток
5.1	Образование и пропаганда во земјоделството	1.500.000,00	1.500.000,00	1.355.882,00	144.118,00
5.2	Одржување и надградба на информативен систем	500.000,00	500.000,00	417.265,00	82.735,00
5.3	Материјални трошоци за спроведување на програмата	2.000.000,00	4.000.000,00	4.380.647,00	-380.647,00
5.4	Финансиска поддршка за корисниците на земјоделско земјиште во државна сопственост на плодуюживање	5.000.000,00	5.000.000,00	/	5.000.000,00
	Вкупно	9.000.000,00	11.000.000,00	6.153.794,00	4.846.206,00

За мерката Образование и пропаганда во земјоделството со програмата беа предвидени 1.500.000,00 денари, со ребаланс на Буџетот 1.500.000,00 денари, се исплатија 1.355.882,00, а нереализирани останаа 144.118,00 денари.

За мерката Одржување и надградба на информативен систем со програмата беа предвидени 500.000,00 денари, со ребаланс на Буџетот 500.000,00 денари, се исплатија 417.265,00, а нереализирани останаа 82.735,00 денари.

За мерката Материјални трошоци за спроведување на програмата со програмата беа предвидени 2.000.000,00 денари, со ребаланс на Буџетот 4.000.000,00 денари, се исплатија 4.380.647,00 денари.

За мерката Финансиска поддршка за корисниците на земјоделско земјиште во државна сопственост на плодоуживање со програмата беа предвидени 5.000.000,00 денари, со ребаланс на Буџетот 5.000.000,00 денари но мерката не се реализираше.

APPENDIX 1 – EXTERNAL REPORTS

1.2 ANUGA Success Story



USAID
FROM THE AMERICAN PEOPLE

AgBiz Program

SUCCESS STORY

Macedonian Fruit and Vegetable Processors Achieve Substantial Success at Anuga 2007

Macedonian firms joined participants from 95 other countries exhibiting at the fine foods trade fair Anuga in Cologne, Germany in mid-October, 2007. This leading agribusiness show is of high importance to domestic food processors in Macedonia since it represents a major opportunity to market their products to significant international buyers. This year, USAID's AgBiz Program, jointly with the Ministry of Economy and other donors, supported eleven export-oriented companies, all members of the Macedonian Association of Processors (MAP), to exhibit their products at this important international food and beverage sectors exhibition.



Photo: USAID's AgBiz Staff

“The best fair so far! USAID’s AgBiz Program further improved our promotional capacities”, Viktor Petkov, owner and Manager of Anuga exhibitor Vipro, and President of MAP

AgBiz assisted participants to develop new marketing tools that enhanced the image of the Macedonian processed fruits and vegetable industry, as well as the products of individual marketers. The Macedonian fine foods and frozen foods presentations were attractively branded and attracted substantial buyer attention. An especially designed video presented the product range and activities of each attending company on a wide screen TV. Additionally, specialized storage and display cabinets emphasized the “colors” of Macedonian value-added products. A very well designed booth attracted the attention of buyers. These marketing presentations reflected the highly professional approach of Macedonian participants.

This successful participation in Anuga created opportunities for effective meetings with top buyers from EU countries, and from as far away as the Middle East and South America. Over 1,100 qualified contacts were established by Macedonian participants, including 165 very serious discussions. To-date pre-contracts have been signed for over US\$1 million worth of products, including over US\$400,000 of potential transactions categorized as new business.

MAP members' participation in Anuga was appraised as a resounding success since sales figures are expected to rise as additional contracts are signed with new international buyers. “The best trade fair so far! AgBiz really enhanced our marketing capacities. This was essential to boost our promotional strategy, since Macedonia is developing into a more competitive origin of processed fruits and vegetables.” said Viktor Petkov, owner and Manager of exhibitor Vipro, and President of MAP. To build on this successful experience, USAID's AgBiz Program will continue to develop and promote the Macedonian processed vegetables value chain and support companies that are eager to increase their exports by helping them to enhance their competitiveness in both regional and global markets.

APPENDIX 1 – EXTERNAL REPORTS

1.3 Wine and Tale Grapes Tour Newsflash



USAID
FROM THE AMERICAN PEOPLE

AgBiz Program

Newsflash

USAID Assistance Supports the Growth of Macedonian Agribusinesses



Inside at "Fonko" Winery, in Negotino

On December 12, 2007, USAID Deputy Director for Europe and EA Bureau, Michael Foster, Regional Legal Advisor, Tim Reidler, Meri Cuculoska, the AgBiz CTO, and Aleksandar Jovanovic, USAID/Macedonia Program Office, were joined by AgBiz Program staff in visits to potential AgBiz customers in the bottled wine and table grape value chains. The "Fonko" and "Popova Kula" winery managers, as well as the fresh fruit, vegetables and table grape marketing company "Peca Komerc", had an opportunity to present to USAID representatives their companies operations, and share their ideas and vision regarding increased competitiveness and business expansion in regional and EU markets.



The "Peca Komerc" cold store in Kavadarci

USAID's AgBiz Program, in partnership with local agribusinesses, is working to increase economic growth in Macedonia through expanded, environmentally sustainable production and sales of value-added agricultural products by helping producers and processors to compete regionally and globally. One of the important AgBiz goals is to help agribusiness customers understand, identify and enter new export food and beverage markets, preferably with value added products.



The "Popova Kula" Winery in Demir Kapija

In the top picture the owner of "Fonko" winery, Mr. Ljupco Trajkovski, is explaining the modern processes "Fonko" uses to make their award winning wines. AgBiz is helping "Fonko" investigate use of the Internet to sell its wines. In the middle picture Mr. Blasko Temov, the owner of "Peca Komerc", is showing the visitors how the company chills and stores local table grapes prior to shipping them to regional export markets. "Peca Komerc" is interested in AgBiz assistance to add value to its fresh grape exports.

Mr. Jordan Trajkov (first on the photo from right) the co-owner and CEO of "Popova Kula" winery is proudly telling the history of the name "Popova Kula", which originates from Ottoman times, and is showing guests their own vineyards established in 2004, carefully nurtured to produce high quality grapes for their extraordinary Stanushina, Vranec, Cabernet Sauvignon, Merlot and Sauvignon Blanc wines.

APPENDIX 1 – EXTERNAL REPORTS

1.4 Ohrid Fruits and Vegetables Post-harvest Handling Workshop



**“STORAGE OF FRESH VEGETABLE, FRUITS, AND FLOWERS”
CONFERENCE; OHRID 8 - 10 Oct. 2007**

Report

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October, 2007

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1. Introduction

The conference “Storage of fresh vegetable, fruits, and flowers” was originally initiated by University of “St. Cyril and Methodius” (Faculty of Agriculture and food science from Skopje) and Agricultural faculty from Novi Sad, Serbia. The overall idea was representatives of the scientific institutions from the region (and from other countries, too), involved in post harvest research and development to meet together and present the latest achievements in this field as well as to discuss the existing obstacles in the sector.

AgBiz program, understanding the importance of such event, especially for the Macedonian fruit and vegetable sector, launched an idea to support the event and to expand the draft program with one commercially oriented session. The proposed idea was welcomed and accepted by the Rector of the University, Prof. Dr. Georgi Martinovski. As a result, both parties (University and AgBiz program) signed a letter of intent, which stipulated the type and level of cooperation, support provided by AgBiz and details related to the conference budget and AgBiz participation. Detailed budget is attached to this report as Annex 1. In order conference related activity to be successfully accomplished, the AgBiz Program subcontracted a consultant (Mr. Saso Risteski) that worked according to the Scope of Work (SOW) developed by the AgBiz Program. Mr. Goran Damovski and Mr. Martin West from AgBiz program actively participated at every stage of the activity and contributed to its successful completion.

The overall objective of the marketing oriented session, entitled as “Marketing of fresh fruits and vegetables” was participants to become more aware of the marketing related issues when trading with these products, including:

- What is the existing marketing situation in regards to fruits and vegetables on particular markets?
- What are the latest trends?
- Are there specific requirements apart from the national ones that are imposed by the importers?

The organizers also agreed on AgBiz and USAID branding requirements - AgBiz and USAID logos to be included in the materials that would be printed and delivered to the participants – conference bags and notebooks. It was also agreed USAID poster to be presented and visible during the conference.

The consultant additionally supported the organizers through providing contact lists in order conference to be adequately promoted and to attract more participants from the business sector in Macedonia as well as from the donor community operating in the country. Contact lists are attached to this report as Annex 2.

2. Guest speakers

The consultant developed a list and initially contacted 7-8 potential guest speakers. Their CVs were obtained and sent to AgBiz for approval before entering into contractual agreements. Some of the potential candidates were not in a position to participate due to various reasons. As a result of the process, the final list of the guest speaker consisted of:

Mr. Felix Lipper – Germany
Mr. Marjan Simcic – Slovenia
Representative of Agrokor – Croatia

Although announced, the representative of Agrokor decided to cancel his participation two days before the start of the conference. The guest speakers' responsibilities were to:

- Prepare a power point presentations in English entitled as: “Overview of the EU market, trends and requirements when trading with fruits and vegetables” (Mr. Lippert); “Marketing of fruits and vegetables in Slovenia” (Mr. Simcic); and “Overview of the fruit and vegetable market in Serbia” (Ms. Milenkovic);
- Deliver electronic version of the presentations before the conference dates (deadline October 07, 2007);
- Personally participate on the conference in Ohrid on October 09, 2007 and to deliver the presentation (preferably in English or in Serbo-Croatian) to the audience as well as to take part in podium discussion at the end of the session.

3. The conference and AgBiz session

The conference took place on October 8 -10, 2007 at the premises of Congress Center in Ohrid. The facility was recently completely renovated and provided adequate accommodation and working conditions for both presenters and participants. In total, around 70 participants were present on the conference from Macedonia, Serbia, Greece, Bosnia and Herzegovina, Montenegro, Slovenia, Croatia, Bulgaria, UK, Germany and Israel. Unfortunately, the business sector was almost non-represented, mainly because the organizers did not make proper follow up after they sent the invitations and secondly because of the on-going season and busy schedule of the companies. Also, the organizers failed to inform the media about the event and hence there was no proper media coverage.

The AgBiz session attracted great interest by the participants. The session started with the presentations of the guest speakers, who addressed several key points in their materials:

Presentation no.1: “Overview of the EU market, trends and requirements when trading with fruits and vegetables” (Mr. Felix Lippert)

- Market regulations for fruits and vegetables are part of EU and national legislation which are not fully harmonized;
- There are commodities with regulated quality standards, while some fruits and vegetables still do not have EU regulations (for example ripe banana, pineapple, mango papaya etc.);
- In regards to product quality the main criteria that should be taken into consideration are minimum requirements (intact, clean, and sound characteristics), maturity criteria, and classification;
- Risk analysis on farm level, maximum level of pesticide residues etc. are becoming one of the main EU concerns;
- Retailers' specific requirements in many cases are exceeding national requirement;
- Ecologically produced food (bio labels) and use of convenience food are very trendy;
- Retailers start to compete in terms of quality through measurements.

Presentation no.2: “Marketing of fruits and vegetables in Slovenia” (Mr. Marjan Simcic)

- Importer of vegetables, and exporter of fruits, particularly apples in Austria;
- Traditional apple varieties were replaced by internationally recognized varieties;
- Producers organizations are being created for increasing their negotiating power, the most important being Evrosad, Mirosan, Pohorka and Stajerc;
- Retail chains local regional and international are actively involved in sales of fruits and vegetables, mainly competing on price and maximizing profits;

-
- Retailers are launching campaigns for increased consumption of fresh produce;
 - Nutrition aspect becoming very popular, safety and hygiene of foodstuffs;
 - New trends: Fresh cut salads (high processing level); Finger food (innovative, including dressings, etc.); Fruit convenience (fruit salads).

Presentation no.3: “Overview of the fruit and vegetable market in Serbia” (Ms. Ivanka Milenkovic);

- Critical factors that define fruits and vegetables market in Serbia:
 - Extensive production
 - Small farm area
 - Unfavourable fruit and vegetables assortments
 - High costs of production
 - Shortages and oversupply
 - Storage facilities
 - Uncontrolled export and import
 - EurepGAP/GLOBALGAP, HACCP;
- Domestic producers (pepper, tomato) fiercely compete with producers from Macedonia; Turkey on the domestic market;
- Unfavorable fruit varieties (apples in particular);
- High costs of production reduce the competitiveness of the domestic production;
- Retailers do not subcontract producers on long run;
- Growing role of the retail chains, but not responsible for product safety.

After the presentations, a podium discussion was initiated in order for guest speakers to provide answers to the participants’ questions. The discussion raised a lot of interest among the participants, who were asking for opinions about the further growth of F&V sales by the retail chains, possibilities for small regional producers to penetrate on another export market utilizing alternative distribution channels, ever growing food safety and hygiene standards, potentials for exporting of organic products, impact of mass production on losing typical local varieties etc. Due to the high interest, the discussion lasted longer than projected.

After the event, the consultant managed to talk with several participants and obtained their feedback about the AgBiz session. Most were very positive about the overall idea, approach, competencies of the presenters and final panel discussion. Also, they expected more participants from the business sector.

On October 10, the AgBiz team returned back from the conference together with two of the guest speaker (Mr. Lippert and Ms. Milenkovic) and held a wrap up meeting at program premises. Mr. James Maxwell, AgBiz COP was also present on the meeting. The key points of the meeting are provided below:

- Both guest speakers evaluated the conference as well organized, well structured and particularly emphasized the importance of the commercial component for further development of the Macedonian horticulture sector;
- Regional USAID initiatives will focus on information exchange, networking, MIS etc., which will allow potential involvement of Ms. Milenkovic and other Agro net experts (Agro net is an NGO that handles agricultural MIS in Serbia) in the forthcoming period;
- The expertise of Mr. Lippert especially in the area of supply chain development and management, import requirements etc., could be utilized by the AgBiz Program in the future.

Conference related materials, presentations, and photo documentation are available at AgBiz premises.

4. Conclusions

- ❖ The conference, although well organized, suffered from some organizational shortcomings, such as distribution of the invitations and follow up procedures, as well as inadequate media coverage. As a result, the participation of the business sector was negligible.
- ❖ The cooperation between AgBiz Program and the University was successfully accomplished, without any registered inconsistency.
- ❖ The AgBiz program managed to provide professional and competent guest speakers, thus contributing to the overall quality of the event. The AgBiz session was professionally prepared and conducted.

5. Recommendations

- ❖ Involvement of AgBiz program in supporting and/or organizing important events should continue due to the fact that these initiatives are an excellent opportunity for information exchange, networking, knowledge enhancement etc. Also, they provide possibilities for AgBiz (and USAID) to further promote its objectives and activities.
- ❖ Cooperation of AgBiz and local stakeholders and institution will require stronger AgBiz influence and greater involvement in the overall design and execution of the planned activities. In most of the cases, domestic institutions, especially academic ones do not have enough resources (and expertise) to professionally cover all the aspects when organizing certain event. In particular, marketing of such events and logistics should be strongly supported and/or directly coordinated by AgBiz in the future.
- ❖ AgBiz should pay special attention on regional initiatives and activities. Obviously, international donor organizations are especially interested in and supportive of regional approach (for example CEFTA, cross border etc.). Therefore, involvement of AgBiz in early stages will be beneficial not only for the program, but more importantly for further development of the agribusiness sector in Macedonia.
- ❖ AgBiz should build up a contact data base that will contain details of guest speakers, and other experts met during the conference. This will allow the program to expand its resource base (pool of experts) and when needed to properly utilize these resources.

Annexes

Annex 1: Detailed budget

COST ESTIMATE

I	Investments in conference	Quantity	Unit cost	Total	AgBiz	Customer
1	<i>Conference Costs</i>					
1.0	University Guest Speaker Fees					3000
1.1	Local Transport and Logistics					1000
1.2	Publication Storage of Fresh Fruit and Vegetable					2200
1.3	Conference Publication				2000	0
1.4	City Tour Guide and CD					700
1.5	Certificates for participants					240
1.6	Accommodation for Organizers and Guests					3000
1.7	Conference materials					1000
1.8	Translation Services				1300	0
1.9	Conference Dinner				700	700
	Total				4000	11,840
2.0	<i>Ag Biz Speaker Felix Lippert Germany</i>					
2.1	3 days STTA				1440	
2.2	Accommodation and Per Diem				85	
2.3	Flight and Local Travel				1060	
3.0	<i>AgBiz Speaker Marjan Simcic Slovenia</i>					
3.1	2 Days STTA				600	
3.2	Accommodation and Per Diem				-	
3.3	Flight and Local Travel				-	
4.0	<i>AgBiz Speaker Ivanka Mikenkovic Serbia</i>					
4.1	4 days STTA				840	
4.2	Accommodation and Per Diem				85	
4.3	Flight and Local Travel				204	
5.0	<i>AgBiz Speaker AgriKor</i>					
5.1	Local Travel and Accommodation				-	
	Total				4314	0
	GRAND TOTAL IN EURO				8314	11,840
	GRAND TOTAL IN USD				11,640	16,576

Annex 2: Contact lists

List of producers and traders of fresh fruits and vegetables

Vivi Prom Vasil DOOEL Bogdanci ZIP: 1484 City: Bogdanci Street: Marsal Tito Street number: 11/b Phone: ++389 34 222 678; ++389 34 223379; ++389 34 222790 Fax: ++389 34 223 378	Turan DOOEL ZIP: 1484 City: Bogdanci Street: Ivo Lola Ribar Street number: 5 Phone: ++389 34 223 162; ++389 34 223 162 Fax: ++389 34 222 162 Email: turan@on.net.mk Web: www.turan.com
Vardar 03 AD ZIP: 1420 City: Gradsko Street: Avtopat Street number: bb Phone: ++389 43 251 025 Fax: ++389 43 251 033 Email: hemmaj124@mt.net.mk	Safir Promet DTP ZIP: 2400 City: Strumica Street: Goce Delcev Street number: bb Phone: ++389 34 345 287, ++389 34 345 284 Fax: ++389 34 345 287, ++389 34 345 284 Email: safirpromet@mol.com.mk Contact: Mr. Georgi Atanasov, Manager
Oranzerii Dobra Kocani ZIP: 2300 City: Kocani Street: Stipski pat Street number: bb Phone: ++389 33 274 235 Fax: ++389 33 274 051 Email: saltirovd@yahoo.com	Oranzerii AD ZIK ZIP: 1300 City: Kumanovo Street: s. Mlado Nagoricane Phone: ++389 31 497 144 Fax: ++389 31 497 144 Email: oranzerii@yahoo.com Contact: Mr. Dragan Petrusevic, Manager
Kooperacija so ladilnik - Euromilk AD ZIP: 1000 City: Skopje Street: Lisec, s. Gorno Lisice Street number: bb Phone: ++389 2 2785 300 Fax: ++389 2 2785 350 Email: kooperacija@euromilk.com.mk Web: www.euromilk.com.mk	Euroland AD ZIP: 1000 City: Skopje Street: s. Petrovec Phone: +389 2 2561 370 Fax: +389 2 2561 382 Email: euroland@unet.com.mk
Eko-Grin DOOEL ZIP: 2400 City: Strumica Street: Leninova Street number: 15 Phone: +389 34 330 141 Fax: +389 34 330 142 Email: ekogrin1@hotmail.com	Eko Oaza Samandov DOO ZIP: 2000 City: Stip Street: s. Tarinci Street number: bb Phone: ++389 32 300 250 Fax: ++389 32 300 252 Email: ekoosam@yahoo.com

<p>Cilibija-97 Vasil DOOEL ZIP: 1480 City: Gevgelija Street: s. Miravci Phone: ++389 34 215 770 Fax: ++389 34 215 770 Email: cilibija-97@mt.net.mk</p>	<p>Agros 2004 ZIP: 2300 City: Kocani Street: s. Grdovci Phone: ++389 33 279 531 Fax: ++389 33 279 531 Email: angelovski@mt.net.mk</p>
<p>Agropelagonija ZIP: 7500 City: Prilep Street: Borka Stevanoski Street number: 8 Phone: ++389 48 419 939; ++389 48 430 939 Fax: ++389 48 430 939 Email: contact@agropelagonija.com.mk Web: www.agropelagonija.com.mk</p>	<p>Agro Iskra DOO ZIP: 2300 City: Kocani Street: Stipski pat Street number: bb Phone: ++389 33 274 113 Fax: ++389 33 274 113 Email: filips2@mt.net.mk</p>
<p>Z Plast ZIP: 2432 City: Strumica Street: s. Murtino Phone: ++389 34 373 775 Fax: ++389 34 373 774 Email: zplast@mt.net.mk Web: www.zplast.com.mk</p>	<p>Ilinden AD ZIP: 1041 City: Skopje Street: Ilinden Street number: bb Phone: ++389 2 2550 596, ++389 2 2550 595 Fax: ++389 2 2550 597 Email: ilinden_dsz@hotmail.com</p>
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List of fruit and vegetable processors

<p>Vasko Damevski Ksenos Partizanska 10 7240 Demir Hisar Tel.: 047 277 608 Fax: 047 277 608 E-mail: V_damevski@yahoo.fr</p>	<p>Momcilo Ivanovski Bonum Bul. Vojvodina b.b. 1000 Skopje Tel.: 02 25 51 662 Fax: 02 25 51 662 E-mail: bonum@mt.net.mk</p>
<p>Viktor Petkov Vipro - Gevgelija Moinski pat b.b. 1480 Gevgelija Tel.: 034 211 917 Fax: 034 211 916 E-mail: vipro@mt.net.mk</p>	<p>Dragi Stojmirovski Univerzal promet Goso Vikentiev 23 2300 Ko~ani Tel.: 033 271 030 Fax: 033 271 040 E-mail: univerz@mt.net.mk</p>

<p>Kire Jovov Agrokomerc 92 Leninova b.b. 2400 Strumica Tel.: 034 322 287 Fax: 034 344 647 E-mail: agrokomerc92@mt.net.mk</p>	<p>Darko Naskov Lars Zeleznicka b.b. 2000 Stip Tel.: 032 394 377 Fax: 032 385 351 E-mail: darko@lars.com.mk</p>
<p>Georgi Prosev Vori Industrijska zona bb. 1480 Gevgelija Tel.: 034 211 188 E-mail: vori@vori.com.mk</p>	<p>Pavle Kolovski Konimex Holding Prvomajska-9 br. 10 1000 Skopje Tel.: 02 24 61 218 Fax: 02 24 65 954 E-mail: info@konimex.com.mk</p>
<p>Boban Zaev Trgoproduct Janko Cvetinov 8/8 2400 Strumica Tel.: 034 331 222 Fax: 034 331 222 E-mail: zaevb@mt.net.mk</p>	<p>Tihomir Dimov Dim Komerc Edvard kardelj bb 2460 Valandovo Tel.: 034 381 562 Fax: 034 383 562 E-mail: dimkomerc@mt.com.mk</p>
<p>Slavco Jordanov Kim Ul. Partizanska 22 1442 Negotino Tel.: 043 362 760 Fax: 043 370 761 E-mail: info@kim.com.mk</p>	<p>Trajce Karadakoski Mabi Trejd Gradsko Baldovci Tel.: 034 334 400, 034 334 401 Fax: 034 334 402 e-mail: mabi_trade@mt.net.mk</p>
<p>Boris Aleksiev A.D. Zora - Gevgelija Industrijska b.b. 1480 Gevgelija Tel.: 034 217 083 Fax: 034 217 083 E-mail: zorasped@mt.net.mk</p>	<p>Drenkovski Ljubomir Medium Ekspert Dimitrie Tucovic 24 1000 Skopje Tel.: 02 3117 146 Fax: 02 3117 534 e-mail: medium@mt.net.mk</p>
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<p>Borce Neskovski Maemi Zeleznicka bb 6000 Ohrid Tel.: 046 262 203 Fax: 046 262 203 E-mail: maemi@mt.net.mk</p>	<p>Ljupcho Kuppenkov TP Sampinjoni Nikola Karev 25 A 2300 Kocani Tel.: 033 278 386; 02 24 40 304 Fax: 033 278 575; 02 24 42 569</p>
<p>Mitko Pajdakov MTD - Prom Vardarski Rid bb 1480 Gevgelija Tel.: 034 211 888</p>	<p>Trajko Alcinov Altra Slobodan Mitrov Danko 111 1480 Gevgelija Tel.: 034 214 383, 214 384</p>

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Atanas Kiceec Svis Lion Agrar Ul. 29 Noemvri br. 6 7310 Resen Tel. 047 451 912; 047 451 179 Fax: 047 452 191 e-mail: agrarr@mail.net.mk	Stergios Dedas DS Fud Ul. 11 Oktomvri bb 1300 Kumanovo Tel. 031 437 197 Fax: 031 437 196 e-mail: adminis@dsfoods.com.mk

List of freezing capacities and companies

No.	Company name	Address	Location	Tel.	Fax	E-mail
1	Zora Sped	Industriska bb	Gevgelija	034 217 081	034 217 082	zorasped@mt.net.mk
2	Altra	Slobodan M. Danko 111	Gevgelija	034 214 384	034 214 383	contact@altra.com.mk
3	Irofrozen	Zeleznicka bb	Gevgelija	075 478 015		
4	Petrov Kompani	Industriska bb	Kavadarci	043 414 017	043 415 469	sales@petrov-ffq.com
5	Ksenos	Partizanska 10	Demir Hisar	047 277 607	047 277 608	v_damevski@yahoo.com
6	Antares	Goso Vikentiev 23	Kocani	033 277 012	033 277 120	antares_sb@yahoo.com
7	Nak Sport	Bel kamen bb	Kavadarci	02 30 65 290	02 30 65 290	cemerskopole@sonet.com.mk
8	Fruktana	S. Argulica	Argulica, Stip	032 382 292	032 384 128	fruktana@gmail.com
9	Svislion Agrar	Industriska bb	Resen	047 451 912	047 452 191	
10	Industriski ladihnik	Marsal Tito bb	Tetovo	044 338 992	044 335 614	
11	DS food	Ul. 11 Oktomvri bb	1300 Kumanovo	031 437 197	031 437 196	adminis@dsfoods.com.mk

List of donor projects and institutions

No.	Name	Address	Tel.	Fax	E-mail	Contact person
1.	GTZ MAFP	Antonije Grubisic 5. 1000 Skopje	02 3103 560	02 3103 560	gtzagro@mt.net.mk	Mr. Boban Ilik
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1.5 Draft Finance Manual

Agribusiness Finance Manual

AgBiz Program

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We hope that this Finance Manual will serve as a useful resource for agribusiness across Macedonia. We welcome comments and suggestions to be incorporated into future updates.

Greg Jacobs
Crimson Capital Corp.

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Why an Agribusiness Finance Manual?

Accessing finance and investment is daunting for many agribusinesses in Macedonia, yet it is increasingly achievable. To address the complicated process of accessing finance, assist companies obtain money needed to become more competitive, grow their business and create jobs, The United States Agency for International Development (USAID) has commissioned the preparation of this Agribusiness Finance Manual.

Purpose of this Finance Manual

The purpose of this Manual is to provide a simple, straightforward explanation of the range of financing products and services available to Macedonian agribusinesses. It is intended to better educate business owners on what types of finance may be appropriate for their businesses, the expectations/perspective of lending institutions, and how to improve the likelihood of receiving financing with the loan terms and conditions best suited to their circumstances.

Lenders Also Have a Bottom Line

What often gets overlooked by borrowers is that lenders are businesses too. The money that they lend or invest comes from deposits from individuals or businesses (like you) or from shareholders. They have an obligation to protect the capital of their depositors and shareholders, cover their costs, provide a return to their depositors and shareholders, and serve their clients. All financial institutions are either regulated or supervised by the National Bank of Macedonia or they must comply with international best banking practices. This places constraints on the banks' lending practices that are outside of their control and limits the flexibility they have in extending financing to their customers.

Despite these restrictions, financial institutions want to lend and invest capital. It is how they make money. Yet, they need good clients with good business prospects that will repay the principal on their loans as well as interest (which is how the lender covers its costs, risks, and return to shareholders and depositors). Like you, they are looking for an attractive business proposition. Our hope is that this Manual can help you bridge the gap between lenders and borrowers. And, most importantly, help you gain better access to appropriate financing opportunities.

Which Sources of Finance are Included?

This Manual includes information from sources of finance in Macedonia that we identified as relevant for agribusiness. We note (information in Section I below in bold text) institutions that have specific products focused on agribusinesses. Section II also presents alternative forms of finance, such as supplier finance, that are important for Macedonian agribusinesses. Many financial institutions do not have products or services designed specifically for agribusinesses, although many of them are still viable lenders or investors for this sector. Often lenders treat agribusinesses the same as businesses from any sector, and consider them eligible for all products and services they offer. We tried to make the information on lenders in this Manual as complete as possible, but note that lenders that specifically stated that they do not lend to agribusinesses were not included, and the information contained in this Manual is not exhaustive.

How to Use this Manual

This Manual is organized in two parts:

Section I: Sources of Finance

Section I contains a listing of financial institutions that are interested in lending to agribusinesses. Each institutional profile follows a similar format to help ease comparison of different institutions and types of finance.

Institutions are listed by type of organization. So, if you are interested in getting financing from banks, turn to the bank Section. If you are interested in equity finance, turn to investment funds, etc. The information in this Section is subject to change at any time by the lender. **It is strongly recommended to contact any institution listed for the most current information on products, terms and conditions they offer.**

The Glossary (Appendix A) provides definition of commonly used financial terms throughout this Manual. Products listed are the common and most relevant financial products and services offered by financial institutions. Each financial institution has provided a contact. If you are interested in getting more information on any product, service or institution, accessing a loan application, etc. it is recommended to contact this person directly.

Section II: Accessing Finance

Section II focuses on helping you select the best product for your needs and helping better educate you on how to improve the likelihood that you will receive credit or investment, and on more favorable terms. We provide details on the various types of finance and their appropriate usage, and information to help you be better prepared to approach potential sources of finance.

This Section also looks at lending from the perspective of a financial institution. For example, when the Loan Officer meets with you, what are the steps they go through in reviewing potential loan applications? What information is most important to convince a lender to extend credit? By presenting this point of view, we hope this Manual can help you become a more attractive customer and ultimately help you obtain the financing you need.

Each chapter in Section II addresses a core component of the financing process such as cash flow, collateral, types of products, financial information, documentation requirements and tips for how to make your proposal more marketable. This Section includes a check list to ensure you are as prepared as possible before approaching potential sources of finance.

About the AgBiz Program

AgBiz Mission Statement

The goal of the AgBiz Program is to increase the rate of economic growth in Macedonia through expanded, environmentally sustainable production and sales of value-added agricultural products by enabling producers and processors to compete regionally and globally. With an office in Skopje the AgBiz program will promote greater linkages in the following ways:

- **Fast-Track Transactions Identification**
The objective of this early activity is to enable AgBiz to quickly target program assistance on immediately implement-able transactions, and to achieve successful program supported sales within one year. Every AgBiz program intervention must lead to commercially viable and sustainable transactions.
- **Value Chain Competitiveness Enhancement Opportunity and Constraints Identification**
The major focus of this work will be to a) determine what these value chain participants believe are the most significant opportunities for expanding the number and average value of transactions in their value chain, and b) what they see as the most significant constraints to improving the competitiveness of their value chain.
- **Support Program Development and Implementation**
This support will be structured as a package of services needed by a firm, or grouping of firms or producers (AgBiz customer) in the selected value chains, to capitalize on the identified opportunities and/or overcome the constraints to competitiveness in high opportunity markets.
- **Policy and Institutional Reforms**
AgBiz, working with its partner AIRD, will implement policy work collaboratively with associations and members of the targeted value chains to identify, via actual competitiveness enhancement activities, the underlying regulations and/or government linked institutions that inhibit the targeted value chains' successful completion and sustainability of transactions and sales contracts.
- **Financing Secured for Customers**
AgBiz, working in concert with our partner Crimson Capital, will help customers in the selected value chains secure cost and terms effective financing for their projects, i.e., competitiveness enhancement activities and sales contracts.
-

See <http://www.agbiz.com.mk/en/index.html> for more information about the AgBiz Program.

APPENDIX 1 – EXTERNAL REPORTS

1.6 Results of the ANUGA Trade Fair

Report on the results achieved by Anuga 2007 trade fair participants supported by AgBiz program

Companies' feedback

The international ANUGA fair in Germany professionally speaking is the most important trade fair for the Macedonian fruit and vegetable processors. They have been continuously present on ANUGA starting from 1995 with intention to present their products, to find new clients, to meet with existing clients, to learn about market trends and to discuss as well as to exchange experiences with competing companies from other countries.

Evaluation sheets that were completed by the participants clearly indicate that Anuga participation was fruitful for the exhibitors. The evaluation process was completed on October 31, 2007.

The companies replied that the results from the participation in terms of improving the company performance were concentrated in the area of know how (clear insight about the latest product and market trends, especially EU markets. They also underlined improvements in the areas of mentality and behaviour (improved company and product presentation).

Regarding the value of their participation, the respondents described the same as very good (9 answers) and good (1 answer). They also replied that the organisation of the fair was very good (8 answers) and good (2). Negative comments were not registered.

In regards to the stand construction company some of the comments obtained by the participants are provided below:

- Quality of the materials used for stand construction could improve (not top quality);
- Paneks staff not supportive to make small adjustments for better utilization of the stand;
- The refrigeration unit provided for the participants in the frozen section did not work properly and damaged the frozen samples (later the refrigeration unit was removed and a new one was rented from the fair).

In terms of follow-up, majority of the companies stated the following:

to increase their communication with potential clients met during the fair;
to complete successfully initiated negotiations; and
to plan business possibilities for 2008 season.

As per recommendations to MAP, they indicated that it should continue with the overall organization of food fairs and other promotional events aiming to strengthen the processing sector in the future, and to provide additional support if needed during the negotiation process.

Finally, regarding the future activities of AgBiz, the companies expressed their opinion that the program should continue the cooperation with MAP and directly with MAP members in order to stimulate Macedonian institutions to additionally support food promotional activities. They also stated that AgBiz should support the processing companies in their intentions to participate on B2B meetings and food fairs of regional and international importance in the forthcoming period.

Overall speaking, the companies described ANUGA 2007 as very successful and the best organized trade fair participation until now.

Summary of results

- The average number of business contacts per company was 120-130, out of which 5 -10 % were regarded as serious and with potential for concluding business deals.
- The average number of business meetings was 40-50 per company.
- Majority of the business contacts established was with importers/distributors from Germany, USA, Canada, Australia, Austria, France, Switzerland, Serbia, Montenegro, Sweden, Russia, Croatia etc.
- Individual preliminary results:
 1. Bonum – 5 contracts amounting to 150,000 € (\$ US 210,000) for export of processed vegetables to Germany, Holland, Slovenia and Canada; 3 serious potential partners for season 2008.
 2. Medium Export - Seven serious contacts (5 from Germany and 2 from Poland) for export of frozen pepper.
 3. Mabi Trade – one contract amounting to 200,000 € (\$ US 280,000) for export of pepper based products to Slovenia and Austria; several serious contacts for exports starting from 2008 season.
 4. Kim – 10 serious contacts for exports in Middle East countries and increase of existing exports to Slovenia and Bosnia.
 5. Vitalia – Negotiations started with 10 serious buyers of healthy food products from the EU, Middle East, and Balkan region.
 6. Altra – Started negotiations with around 15 potential buyers of frozen goods from Poland, Belgium, Holland, Spain, Switzerland and Germany.
 7. Tehnoalat – contacts established and price lists sent to 12 importers of canned products from the EU.
 8. Univerzal promet – contacts established with 15 potential buyers of peperoncini from Italy, UK and Germany. Price lists and samples already sent to the most serious ones.
 9. Vipro – pre contracts with already existing clients for additional export of pepper based products amounting to 100,000 € (\$ US 140,000) Australia, Austria and Sweden; pre contracts with new clients for additional export of pepper based products amounting to 100,000 € (\$ US 140,000) to USA, Canada and EU.
 10. Konimex – pre contract amounting to 350,000 € (\$ US 490,000) made with existing (from EU, Canada, Australia and USA) and new clients (from EU) for exports of their product range.
- In total, the value of the pre contracts for exports of processed products (to the EU, USA, Canada, Australia, Austria, Sweden) amounted to 550,000 € (\$ US 770,000), while the value of the contracts for exports of processed products (predominantly canned vegetables to Slovenia, Austria, Germany, Holland, and Canada) amounted to 350,000 € (\$ US 490,000).

*More additional contacts and business deals are expected to take place since the evaluation was completed only two weeks after the trade fair participation.

Prepared by:

Saso Risteski
MCG
October 31, 2007

APPENDIX 1 – EXTERNAL REPORTS

1.7 Results of Inter-Mak Participation in the Zagreb Trade Fair

RESULTS OF INTER-MAK PARTICIPATION IN THE ZAGREB TRADE FAIR

Value Added Wild Mushroom Project for Inter-Mak

With AgBiz support Inter-Mak Company had participated on Zagreb Autumn Trade Fair and presented its value added retail packed products. Although it was envisaged as a way for Inter-Mak to gain additional understanding and test the wild mushrooms retail-packs market, several potential buyer contacts were established. With most of them was agreed to further investigate the opportunities for cooperation, mainly in terms of comparing the quality and prices. The representative of one of the largest Croatian company in the meat industry Gavrilovic expressed interested to buy from Inter-Mak if they consign consistency of supply and if quality of samples they took show good results. Other Croatian company was interested to look into importing mushrooms from Inter-Mak and distributing to supermarkets and restaurants. Few food traders from Slovenia were exploring the options for buying mushrooms and re-selling it to Italian market.

All this activities are perceived as part of a learning process, giving a very solid baseline for further development of value added sales, improve returns for the company and make the business more sustainable. Adding value to the products in some cases will allow the company to process production that at present has no market or very limited opportunities.

Creating a company corporate documents, brochure and website that were developed by AgBiz support helped a lot in enhancing company profile and promoting full range of products including added value products.

APPENDIX 1 – EXTERNAL REPORTS

1.8 Phase 1 e-Sales and Marketing of Macedonian Wine

Fonko Wines Pilot - Online Sales and Marketing Report

USAID
Macedonia, AgBiz
Project 12/04/07

Dr. Clarisse Behar Molad,
Consultant

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Scope of Work

- I. Assess past and present online marketing and sales of Macedonian wine: Friday
- II. Identify, assess and recommend Fonko's e-business strategy (sales, payment and fulfillment systems): Saturday
- III. Identify and cost EU-based payment and fulfillment service providers: Friday
- IV. Develop financial model (including break-even projections) for Fonko's EU online sales and marketing: Monday
- V. Develop proposal for Fonko's online solution: Monday
- VI. Train Fonko rep on implementation: Saturday and Monday
- VII. Train AgriBiz development manager to replicate solution with other AgriBiz customers (assuming system is *viable and affordable*): Monday

Consultant Visit to Macedonia

The consultant arrived to USAID AgBiz offices in Macedonia on Tuesday the 14th of November and met with USAID staff and the sales director of Fonko wines. On Wednesday the 15th, consultant went to visit the winery in Negotino together with the USAID project leader and Fonko's sales manager. Consultant met the winery's 2 oenologists and lab director and visited the production facilities. Consultant tasted a variety of white and rose wines with the instruction of the oenologists. Consultant met on Thursday the 16th with the Fonko's CEO.

The consultant worked on Friday the 17th with Fonko's marketing director and sales director. Consultant conducted market research on Saturday the 18th and Monday the 19th. Tuesday the 20th, Wednesday the 21st, and Thursday the 22nd, consultant conducted market research and phone interviews of potential solution providers. On Friday the 23rd, consultant met again with Fonko's sales director and marketing director as well as Fonko's CEO. On Saturday the 24th consultant prepared presentation for USAID personnel. On Monday the 25th consultant gave presentation to AgBiz project leaders and USAID CTO. After the presentation, consultant did not meet with USAID project lead and Fonko personnel for training purposes. Rather Consultant discussed on the phone briefly with Fonko personnel the need to meet only to be told that Fonko's CEO will be the one to meet with USAID's COP to discuss the results of this report after the consultant's departure from Macedonia.

USAID project lead participated in first day of discussion and trip to Negotino. After that, he participated in short discussions on an as-needed basis. Fonko's personnel were available for 3 meetings (aside from the visit to winery) for an average of 2-3 hours at a time. They were mainly interviewed for data collection but did not provide additional data for completion of the financial analysis needed for the final recommendation. As a result, consultant had to make key assumptions alone in proposing the eCommerce solution. Therefore, the proposed solution is based on preliminary results.

It became clear during the visit that if Fonko were to adopt the proposed solution based on these preliminary results, that it is best the implementation be conducted only as a limited pilot due to the limited bandwidth available to company personnel for working on such a project. It is further

recommended that the pilot's results be measured and evaluated before any further action is to be taken to ensure the continued interest of Fonko and USAID ability to provide time and resources for such an effort.

Lastly, this report covers a contract for 10 working days in Macedonia. However the consultant spent 3 days prior to arriving to Macedonia conducting online research and some interviews in preparation for the trip. Even with this extra amount of time, the time allotted for the contract as a whole was insufficient. Compounding this was the fact that the visit took place during the busiest time of the year for Fonko (holiday shipments) and the Thanksgiving holiday vacation for USAID's personnel.

Short Overview of Wine Industry in Macedonia

Macedonia has over 5,000 private grape producers, most concentrated in an arid stretch of vineyards located near the towns of Rosoman, Negotino and Kavadarci, in fertile south-central Macedonia. About 55 wine companies exist.

As with so many other aspects of transition economics in former Communist countries, upgrading viniculture here hasn't been easy. Aside from the need to reform managerial practices and introduce new technology and techniques, in the old days, farmers were paid for their grapes by weight; this led them to water the crops in the days before the harvest, making them bloated with water and thus heavier (However, now the new focus is on sugar content). Also, under the Yugoslav state-managed system, most Macedonian wine was shipped in bulk to Slovenia and passed off as 'Slovenian' or 'Yugoslav.' With no profit to be made under the collective system, there was little initiative for growers to change their practices.

Wineries now grow better grapes in order to produce higher quality – and thus more lucrative – wines. However, growing better grapes cannot be done overnight; it takes 3-5 years to change over the fields from the existing grape to a new type. Clearly, the policies and competence of the ministries of finance and agriculture will be key. If the government takes an active role in developing the industry, there is a chance. To date the Agriculture Institute is the one supporting the wine industry. Another hindrance is the fact that Faculty of Agriculture does not have program in oenology. Today Macedonian oenologists graduate from university in Plodiv, Central Bulgaria. In order to develop a professional workforce to support the wine industry, education must play an important role.

The qualitative transformation has been steered most fundamentally through new technology: new tanks, new fermenters, high and low-speed grape crushers, peristaltic pumps, and more. Sleek steel tanks have largely replaced the 60-year-old open fermentation basins. Now the fermenting process (which takes anywhere from 20-33 days) is done under controlled conditions.

This process goes hand in hand, of course, with the need to develop a specifically Macedonian brand image and to increase market visibility abroad, where the best chances for selling more expensive wines lie. In a rare proactive economic marketing venture, the Macedonian government took part in a Moscow wine fair in September 2004, and persuaded Kremlin tasters to try Tikves wines. They liked three of them very much and they were accepted by the Kremlin. Success on the European and worldwide export market will depend on ever more proactive activities, as well as marketing and brand-building.

Aside from the former Yugoslav appellation that masked the provenance of the federation's best wines, the post-independence name dispute with Greece and forced adoption of the clumsy 'FYROM' moniker has not helped. In wine, the country has a fierce opponent in the more economically powerful Greece, which has placed great emphasis on branding its own 'Macedonian' wines. Given the geographical overlap of the historic region, and the similarity of soil and grapes, both countries have the right to label their wine 'Macedonian.'

But above all, international success for the industry depends on being distinguished by good quality wine and local grape varieties.* Tikves, for example, is currently concentrating on the Bulgarian, Croatian and Serbian export markets. Among these, the highest quality wine is consumed by the more affluent Croats, while the largest growth by volume is predicted to be on the Serbian market; the country currently imports 40,000 tons of wine a year. While Greece, which has a strong wine industry of its own is also an importer, it mostly imports from Macedonia cheaper bulk wine for package-tourist hotels. One thing further preventing greater exports is the lack of a modern distribution system abroad.

In the end, however, the main challenge is developing the brand image through aggressive marketing and creative, proactive promotion. It will take at minimum 5-10 years to catch up. Important also to remember is the fact that wine is an international product. Tastes change, like fashions and the marketing efforts must remain ongoing, as a result.

*Wines such as Vranec, Zilavka, Stanushina and Temjanika are among the only known Macedonian wines in foreign markets like Germany, Holland, UK, and United States. They are considered new and “different”, with a specific character and quality that is unique to their origins. The grape Vranec, for example, is also known as Vranac Crnogorski or Kratosija. The meaning of the word is “Black, strong, powerful horse”. It has a strong resistance to low temperatures. Its must has a blood red-purple hue. When aged, the purple gives way to a darker ruby color, with a nose of chocolate, licorice and grassy tones. It has a black berry fruit and prune aroma. It is the ideal suite for the traditional Macedonian cuisine, that combines Balkan and Mediterranean characteristics with the heritage of the Turkish flavors.

Fonko Wines – SWOT Analysis based on Interviews

Strengths

- ▶ 3rd largest winery in Macedonia (Not Accurate)
- ▶ Established in 2000 with vineyard in Negotino of 10 hectares planted grapes
- ▶ Established Capacity of 300,000 bottles a year with sales of 100,000 bottles a year
- ▶ Utilizes new plus old technologies(steel barrels to be augmented by oak barrels)
- ▶ Variety of Grapes: Cabernet Sauvignon, Merlot, Chardonnay, Pinot Noir, Syrah (to be planted next year)
- ▶ Wines won several awards both in European and North American competitions between 2003 and present
- ▶ 2 oenologists – one of older generation and one a recent graduate creating a unique combined approach to wine making
- ▶ Only winery to have testing laboratory in region (utilized by other wineries)
- ▶ Using fully computerized system to maintain quality control
- ▶ Pest control system managed and monitored by a certified third party
- ▶ Unique wine offerings: white pinot noir; rose cabernet sauvignon; vranec
- ▶ Owner eager to open new markets for wine and willing to take risks for the next 2-3 years to do so

Weaknesses

- ▶ No brand recognition
- ▶ No industry recognition
- ▶ Limited international sales and marketing knowhow and experience
- ▶ Limited resources

Market Threats

- ▶ European markets getting saturated with wines from countries such as US, Chile and Australia
- ▶ Over production of European wines leading to price dilution
- ▶ Big EC marketing campaign to launch in 8/08 (\$165 million a year) supporting EU producers sales around the world

- ▶ Lack of support from Macedonian government
- ▶ Lack of regional coordination to leverage for market positioning
- ▶ Direct competition for market positioning from other “Macedonian wines” from Bulgaria and Greece

Market Opportunities

- ▶ Growing global demand for wine from limited productions
- ▶ Growing global demand for wine from boutique wineries
- ▶ Emergence of new online category: wine from “new world”
- ▶ Emergence of new generation of wine drinker (younger than 30) that are Internet savvy and willing to try new foreign wines
- ▶ Push for biodynamic, organic and sustainable wine with separate shelf space and higher pricing (sustainable being the most open ended in its compliance requirements)

Economic Research Data Collected Online

I. US Data:

- ▶ Projected US direct wine sales in 2010 = \$4 billion
- ▶ 98% of all US wineries sell their wine directly to consumers
- ▶ US online direct wines sales in 2005 = \$116 million (Internet and wine clubs sales are growing the fastest at US wineries of any size)
- ▶ US average online sale 2007 = \$67,000 for the smallest wine producer; \$8 million for the largest
- ▶ US growth rate for under 1,000 cases online = 40%
- ▶ Average online wine price for wines originating in region (Bulgaria, Greece, Croatia, Serbia) = \$7 -\$15 per bottle
- ▶ A list of 1000 names collected via various promotion events can usually generate incremental revenue of \$2-\$3,000 per month from online sales of wine and accessories
- ▶ US wineries sales due to online marketing are said to have increased sales by 45% in 2006
- ▶ Small wineries with less than 20,000 cases claim more than 60% of their online sales come from email campaigns
- ▶ A core group of drinker is driving consumption and growth 20% of which go online and 17% are buying online directly from wineries
- ▶ 32% of the under 30 population (Millennial generation) enjoy imported wines and the majority of them are heavy Internet users

II. EU Data:

- ▶ Average online new customer acquisition cost = \$200
- ▶ The smallest wineries report \$22,000 per year online sales; Mid-size wineries = \$170,000 per year
- ▶ In 2010 wine sales in the UK will reach \$12 billion, making the UK the biggest retail wine market in EU
- ▶ However, British wine drinkers will still drink less wine than the top 4: France, Italy, Germany and the US
- ▶ Australia is now the UK's number one wine supplier
- ▶ Average online retailer margin for one bottle sold below \$30 is \$6-\$10

- ▶ Some wineries charge, on the average, \$1.50 per bottle more for web sales in order to avoid channel conflict
- ▶ New UK customer wine purchases rarely go beyond \$200; connoisseurs spent close to \$1000
- ▶ Biggest UK online wine seller is Tesco with 750,000 online customers
- ▶ Online sales growth at Tesco has been over 25% yearly for the last 5 years
- ▶ In Germany, websites were found to boost direct wine sales for about half of the wineries in a recent survey of 200 wineries
- ▶ German wines are fetching their highest ever prices worldwide in 2007 with sales of the most expensive wines booming in the UK (those priced for more than \$20 have risen 125%)
- ▶ Smaller wineries who produce insufficient quantities to supply large supermarket chains benefit from online sales directly to consumers and restaurants
- ▶ In all, fulfillment is set to become one of the main product differentiators
- ▶ 2007 European Internet use based on population: Bulgaria 28%; Greece 33%; Poland 29%; Slovenia 55%; UK 62%; Germany 61%

Top Wine Online Sellers

- ▶ www.wine.com (\$32 million in 2006)
- ▶ www.chateauonline.com (largest European provider)
- ▶ www.tesco.com (largest in UK)
- ▶ www.hawesco.com (largest in Germany)
- ▶ www.wineaccess.com (aggregator of over 100 wine stores)
- ▶ Lynmar Winery, Clos du Val, and EOS Estate (Top wine websites for 2005)
- ▶ Red Bicycleette and Lulu B (known for best online promotion)

Online Competitors Presence

- ▶ www.bulgarianwine.com
- ▶ www.wineimport.com/pages/bulg.htm
- ▶ www.thewinesociety.com/shop
- ▶ www.winechateau.com
- ▶ www.chateauonline.com
- ▶ www.wine.com/v6/boutari+moschofilero+2005/

- ▶ www.thegreekwine.com
- ▶ www.tanners-wines.co.uk
- ▶ www.everywine.co.uk/bin/venda
- ▶ www.tesco.com/winestore/
- ▶ www.winecellar.co.uk
- ▶ www.vino.hr

Agreed Target Markets for Fonko Wines

1. EU (largest consumer of wine in the world)
2. UK (fastest growing wine consumption country in EU in terms of online purchases)
3. US (secondary market)
4. Middle priced wines (\$15 - \$20)
5. The discerning buyer (vs. the average buyer)

eCommerce Solution

I. Key Considerations

- ▶ 80% to 90% of online sales are driven by targeted marketing campaigns
- ▶ Selling and marketing wine is information intensive
- ▶ Wine shoppers place more trust in word-of-mouth marketing such as user reviews and expert ratings when shopping online
- ▶ The largest constituency of wine shoppers is now consumers that are overwhelmed by the task of buying the 'right' wine therefore excellent descriptions and advice play a key role in their purchase decisions
- ▶ Advances in the technological efficiency of providing and communicating information reduces transaction costs and changes the composition of total marketing costs for wine
- ▶ Cost reductions from increased information efficiencies translate into an extended relevant market for any one winery and into richer and more intensive communication between a winery and its customers
- ▶ Having an online webshop reduces information costs for wineries and their customers, but because wine is a physical product, distribution costs per bottle of wine remain largely unaffected by e-commerce
- ▶ Websites must be both functional and easy to use and visiting them should be a pleasant experience
- ▶ A significant relationship between the frequency of website maintenance and direct wine sales exists
- ▶ Selling wine on the web is mostly feasible at the upper end of the price range
- ▶ Wine connoisseurs like to make public their opinions of wines sold on the web, thereby complementing wine recommendations and ranking provided by the experts and producers

II. Lessons Learned

- ▶ Most consumers buying wine online from a winery make their purchase decision **before** visiting the online store
- ▶ Shorter path-to-purchase increases sales conversion (1 step = 15% conversion rate)
- ▶ A short path-to-purchase should also clearly display all charges before requiring consumer data
- ▶ Wine club discounts should be automatic

- ▶ Customers who do not wish to register should not be forced to
- ▶ Case discounts, coupons, and product recommendations are important
- ▶ Because wineries already have their clients' trust, it is easy to leverage this with the right tools to create value

Fonko's website Changes

- ▶ Fonko's Website needs to be redesigned to include e-commerce modules
- ▶ Redesigning the website should include creating sections dedicated to the trade, the press, consumers, and commercial buyers (restaurants, hotels)
- ▶ Refining the number of keywords in the meta tags as well as aligning the meta tags' keywords with those in the site's text is critical for Search Engine Optimization

VinterActive's Webshop Solution

- ▶ Secure Wine Shop, Wine Marketing, Email Marketing (\$500 to 1000 setup see plus \$60 to \$130 a month)
- ▶ This ecommerce solution for the wine industry is built on a leading international ecommerce platform called X-Cart.
- ▶ X-Cart has built-in abilities to work in multiple languages, currencies & tax systems. It can also be directly linked to credit card processing services located anywhere in the world

Fulfillment System Integration

- Webshop generates a manual or automated export file in whatever format would be best for the fulfillment house
- This is a custom feature and will need to be added to cost of Webshop
- WTN Fulfillment is an example of a US-based partner wine specialist

Top 10 e-Commerce Functions

1. Search for newly received orders
2. Retrieve customer credit card data
3. Update order status to complete/failed/declined
4. Print order packing slip
5. Send shipment notification to customer
6. Add new products
7. Edit/remove existing products

8. Find customer profile information
9. Edit customer profile information
10. Generate management reports (sales total, top products, top buyers)

Online Marketing

- ▶ Participation in online ad programs like Google Adwords, MSN adCenter, and Yahoo Search is critical to increasing website traffic
- ▶ Email marketing tools such as Constant Contact or Vertical Response are very effective
- ▶ Mention in wine blogs, like Spittoan in the UK or drinktank in Germany , with their reciprocal links, RSS feeds and Q&A postings can spread a message like finding a good value wine very well
- ▶ Participation in eMarket places where buyers, suppliers, distributors and sellers find and exchange information, conduct trade and collaborate is recommended
- ▶ Effective search engine marketing design must include:
 - Meta tags and keywords (in multiple languages)
 - Image and alt tages
 - Number and location of keywords
 - Java Scripts and frames careful usage
 - Headings
 - Page rankings
- ▶ Use of multiple domain names (especially of different countries)
- ▶ Use of ranking directories (like DMOZ)
- ▶ Use of separate homepages in the different languages
- ▶ Use link exchanges
- ▶ Create email listing and design an email campaign utilizing auto responders
- ▶ Join an affiliate marketing program
- ▶ Collect and post customer testimonials
- ▶ Email newsletters continue to be among the most important ways to communicate with cutomers on the Internet
- ▶ Returning visitors are the most profitable and your website content needs to accommodate them via:
 - Quality content
 - Use of favicon
 - Addition of a 'news' section
 - Addition of events
 - Inclusion of new interesting links
 - Having a chat/bulletin board/forum
 - Use of press releases
- ▶ Evaluating the results of the marketing efforts on a regular basis is important. This should include:

- Trackers
- Statistics
- Visitor information
- Keyword Analysis
- Referrers
- Search engine rankings
- Link popularity

Relevant Financial Data Collected

- ▶ Average online retailer margin for one bottle sold below \$30 = \$6-\$10 (20-30%)
- ▶ Average online wine price for wines originating in region = \$7 -\$15 per bottle; \$150 - \$175 per case
- ▶ Average online new customer acquisition cost = \$200
- ▶ Average customer shipping cost per case of \$200 = \$25 within Europe
- ▶ New UK single customer wine purchases rarely go beyond \$200
- ▶ Fulfillment fees = \$100 to \$1000 a month
- ▶ Payment gateway onetime fee = \$500
- ▶ Payment gateway yearly fee = \$2000
- ▶ Online shop onetime fee = \$1000
- ▶ Online shop monthly fee = \$100
- ▶ Online marketing yearly fee = \$5000
- ▶ Average Internet sales per year for winery producing 4K-10K cases = \$60,000
- ▶ The average small winery reports \$22,000 per year online sales
- ▶ **Fulfillment House Fees**
 - ✓ **Fulfillment:** For clients with more than 1,000 orders per month, the per order fee is \$1.00 plus \$0.40 per item. Clients with less than 1,000 orders per month are charged \$1.50 per order plus \$0.40 per item.
 - ✓ **Account Maintenance Fee:** A standard fee of \$63.50 per month which covers the management of the individual account by sales, information technology, and customer service staff.
 - ✓ **Storage:** Storage cost will be a per item storage fee based on \$15.00 per 4'x4'x4' pallet. There is a \$15.00 per pallet fee which is divided by the number of items that fit on the pallet to arrive, at the monthly per item storage fee (\$0.23 per SKU minimum). The pallet is a measuring tool, not a storage device.

- *EXAMPLE: For books that average 1,500 books per pallet, per item storage fee would be \$15.00 per pallet divided by 1,500 items per pallet = \$.01 per item. If, you had 3,000 books on hand as of the last day of the month, storage cost would be 3,000 items x \$.01 each = \$30.00 plus \$63.50 account maintenance fee for a total of \$93.50 per month.*
- ✓ **Shipping:** A discounted amount is charged based on the carrier's standard retail rates on all outbound packages. There is no surcharge to shipping fees.
- ✓ **Production (Assembly and Kitting):** A charge of \$35 per hour for kit assembly and other production services.
- ▶ **Payment Gateway Fees (accepting Visa, MC, AMEX)**
 - Software Price:\$95-\$575
 - No Gateway fee
 - No monthly minimum
 - Rate: 5.9%-11.9%
 - Transaction fee:\$0.45
 - Free tech support

Checklist for Selecting an eCommerce Solution

1) Wine selling features

- Consumer path-to-purchase
- “Always one” shopping cart
- Upfront shipping and tax calculation
- Automated discount and coupon display
- No forced customer registration
- Wine club path-to-purchase
- Multiple ship-to-addresses
- Gift certificate and gift message options
- “Best sellers” and “Recommended” products
- Keyword and advanced product searches
- Safe payment through Verisign or the like

2) Wine marketing features

- Preference-based email marketing
- Look & Feel integrated with winery website
- Flexible product display and store layout
- Editable features and storefront
- Coupons like free shipping
- Discount per order, customer type, etc.
- Editable product ratings and reviews
- Search-engine friendly product pages
- Sales conversion and customer referral reports

3) Store management features

- Online dashboard showing new orders, sales totals, top products, etc.
- Choice of manual or secure automated credit card processing
- Automated email confirmations
- Multiple product categories
- Minimum/maximum order quantities
- Editable product options
- Inventory tracking with “out of stock” notification
- Interface to financial and accounting system
- Daily backup of data

Website Development Criteria

1) Content

- Indicate what the purpose of the site is
- Give visitors interaction options (contact form, email, ask for brochure)
- Place important information in a prominent place
- Give the last date of your latest update to the site
- Make it available in more than one language
- Enhance your messages with meaningful images
- Ensure images are in the right format (JPEG, GIF, PNG) for the right purpose

2) Navigation

- Use clear chapter names
- Make main navigation bar visible on each page
- Distinguish between chapter buttons and functional buttons
- Distinguish links with different color and shape
- Make external links open in a new window
- Make home tagline describing the value of the site to the target group using no more than 8 words
- Do not force user to scroll to read the basic welcome message
- Do not offer unnecessary information on the home page (user take less than 8 seconds to decide whether to stay on a site)
- Make webpages appear clean and scannable
- Make sure URL is mentioned on each page with company and contact info
- Make sure visitor can go back to previous page by means of the back button of the browser

3) Communication

- Mark each page with a bold header
- Give core information always on the starting screen of a page
- Divide text into short paragraphs (no more than 5 to 6 lines)
- Make fonts consistent throughout the site
- Avoid capital fonts as much as possible
- Use active voice in writing

4) User friendliness

- Make pages load within a few seconds
- Ensure total content of the homepage does not exceed 30 KB
- Warn users about extra long loading time
- Test to ensure website can be loaded on multiple browsers
- Explain to user why registration is needed and what will be done with the information

Solution Options Discussed with Fonko

- ▶ Develop Fonko's own online store plus online marketing
- ▶ Sell via online distributor (such as www.chateauonline.com)
- ▶ Sell via supermarket chain with online distribution (such as www.tesco.com)
- ▶ Sell via online seller like www.winecellar.com
- ▶ Sell via online aggregator of online stores (such as www.wineaccess.com)
- ▶ Sell via online wine search engine (such as www.wine-searcher.com)
- ▶ Sell via online wine club (such as www.thewinesociety.com)
- ▶ Sell via online wine social network (such as www.snooth.com)
- ▶ Sell via online retailer dedicated to selling wines from the region (such as pops.com)
- ▶ Sell via wine syndication network (www.ewinery.com)
- ▶ Sell via fine food portals (www.finefoodsnetwork.com)
- ▶ Sell via European eMarket (www.pro-wine.com)
- ▶ Sell via linking to www.wine.com



Recommendations Made

- ▶ Update Fonko's website to support sales, not information dissemination only by changing its design and including an online shop
- ▶ Get a couple of wines listed with EU online distributor targeting the UK and offer them in cases of 6 or 12
- ▶ Signup with a EU fulfillment house for distribution out of EU-based warehouse that also provides eCommerce services (see sample presentations*) and/or US-based one
- ▶ Get listed on winesearcher.com and snooth.com
- ▶ Join an eMarketplace
- ▶ Exchange reciprocal links to online wine listings
- ▶ Develop online store that supports a full range of sales (in multiple languages such as English, German, etc) either by outsourcing the development or buying an off-the-shelf solution and customizing it in-house
- ▶ Develop online marketing campaign to include a virtual wine club, tasting room, blog/forum, etc. as well as a focused Search Engine Campaign
- ▶ Get top wines officially scored and ranked and add reviews to website

Conclusion

The Macedonian wine industry is faced with big challenges in trying to break into the foreign market for online sales. It will be extremely difficult for any of the smaller wineries, like Fonko, to even enter this market without considerable help and support from a foreign partner experienced with online sales and distribution. In addition, the potential for sales without an aggressive marketing campaign to introduce the wines into the market (similar to the way small countries like Chile and Israel have done) is very small unless an aggregation of wineries can come together to undertake the development of such a campaign with the full support of the Macedonian government and possibly USAID.

Within the allotted time for this contact, the consultant had no time to go further into working with the winery and other participants in the industry to assess how this could be done. The consultant, therefore, concentrated her efforts in bringing some examples of competitive wines currently being sold in foreign markets (Greek, Croatian, and Bulgarian) via online channels to Fonko's attention as possible benchmarks to follow. Due to the fact that Fonko and USAID's project lead did not meet consistently for longer periods of time throughout the 10 days period to study together the proposed solution and its strategic framework, no buy-in of the proposed solution has been accomplished.

It is the recommendation of the consultant that should USAID wish to undertake a limited pilot with Fonko for testing a preliminary online supply chain, that it chooses to work with the Austrian fulfillment house, MH Direct, and reach an additional agreement with ewinery.com (see email correspondence for

further details) to create an online campaign for Macedonian wines that will create the foundation for brand recognition. Fonoko, on the other hand, should dedicate the resources to re-deign its website to support the addition of its own e-commerce platform and introduce it to the regional market targeting countries such as Slovenia, Croatia, Poland as a market test. Finally, the effort of introducing Macedonian wines as a whole to the online consumer and/or retailer, when undertaken requires the development of a comprehensive strategic business plan based on the results of the recommended pilot. Such a plan will ensure that the proper resources can be dedicated and the road map to success can be followed.

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* Enclosed Presentation 1: DIRECT TO CONSUMER Integrated Services: A New Channel for International Wineries in the U.S. Market. Enclosed Presentation 2: MH-Direct-Europe

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12/4/2007

Appendix I

Break-even Example

Break-even analysis depends on the following variables:

1. **Selling Price per Unit:** The amount of money charged to the customer for each unit of a product.
2. **Total Fixed Costs:** The sum of all costs required to produce the first unit of a product. This amount does not vary as production increases or decreases, until new capital expenditures are needed.
3. **Variable Unit Cost:** Costs that vary directly with the production of one additional unit.

Total Variable Cost The product of expected unit sales and variable unit cost, i.e., expected unit sales times the variable unit cost.

4. **Forecasted Net Profit:** Total revenue minus total cost.

Each of these variables is interdependent on the break-even point analysis. If any of the variables changes, the results may change.

Total Cost: The sum of the fixed cost and total variable cost for any given level of production, i.e., fixed cost plus total variable cost.

Total Revenue: The product of forecasted unit sales and unit price, i.e., forecasted unit sales times unit price.

Break-Even Point: Number of units that must be sold in order to produce a profit of zero (but will recover all associated costs). In other words, the break-even point is the point at which your product stops costing you money to produce and sell, and starts to generate a profit for your company.

Fonko did not provide any numbers that could be used in this analysis. The example bellow is based on very general assumptions made. It was shared with Fonko's sales director.

Break Even Analysis (unit=wine bottle)	
	40,000
Selling Price per unit(\$)	10
Total Fixed Costs (\$)	
Variable Cost per Unit(\$)	4
Forecasted Net Profit(\$)	2
Managerial Information at the Break-Even Point	
Units Sold :	6667
Revenue (\$) :	66670
Fixed Costs (\$) :	40000
Variable Costs (\$) :	26668
Total Costs (\$) :	66670

Appendix II

Traditional Distribution Model for Imports to US

		<u>Case</u>	<u>Bottle</u>
		\$	\$
Supplier FOB (Case of 12)		78.00	6.50
Ocean Freight		3.70	
US Tax/Duty	12%	9.36	
Insurance & Misc	3%	2.34	
Sub Total LDP US		<u>93.40</u>	
Standard Importer Margin	28%	36.32	
Distributor Price		129.72	
State Tax	0.90%	1.17	
Freight		1.50	
		<u>132.39</u>	
Distributor Margin	33%	65.21	
Distributor Wholesale Price		197.60	
Standard Retailer Margin	33%	97.32	
Suggested Retail Price- Case		<u>294.92</u>	<u>24.58</u>

APPENDIX 2 - INTERNAL REPORTS

2.1 AgBiz Goals, Objective, Sub-objectives and Activities

AGBIZ GOAL, PRIMARY OBJECTIVE, SUB-OBJECTIVES AND ACTIVITIES

1. Goal

The goal of AgBiz is to increase economic growth in Macedonia through expanded, sustainable production and sales of value-added agriculture-based products by enabling producers and processors to compete regionally and globally.

By supporting growth in the Macedonia economy, AgBiz will: 1) Better enable agribusinesses to identify, understand and sustainably enter export markets for 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. Primary Objective

The sustainably and significantly increased growth of Macedonian agribusinesses participating in value chains that have good potential in export markets, especially for value added products, and where there is an opportunity for a broad-based positive impact; accomplished in an efficient manner and in conformity with relevant regulations.

3. Sub-objectives

- 3.1. Increased competitiveness of private sector, agriculture-related firms in value chains that have good potential in export markets, and, where there is an opportunity for a broad-based positive impact;
- 3.2. An increased and sustainable growth rate of the selected value chains;
- 3.3. Increased firm involvement in own brand production of retail packs versus private label and bulk/industrial production, i.e., more value added products;
- 3.4. Increased demand for Macedonian agricultural raw materials and products focused on export markets, and an increased supply of producers who are willing and able to supply the demanded raw materials and products;
- 3.5. Significantly improved linkages/relationships between producers and processors/marketers leading to reliable contracts for the competitive production of the products and raw materials required by export markets, but not necessarily in demand on domestic markets;
- 3.6. Increased competitiveness and therefore market share of agriculture-based products that can be produced in Macedonia but are currently imported;
- 3.7. Increased agribusiness processor/marketer interest in (due to reduced perceived risk), availability and use of finance;
- 3.8. An enabling environment that fosters and supports highly competitive agribusinesses;
- 3.9. Effective customer use of IPARD facilities when they become available;
- 3.10. Trade associations and producer organizations participating in the selected value chains that are themselves sustainable by helping their members become and stay highly competitive;
- 3.11. Effective promotion of USAID and the American people as the source of AgBiz assistance.
- 3.12. Properly leveraged, efficient and effective use of USAID resources; and
- 3.13. Compliance with ARD, GoM and USAID regulations.

4. Activities

- 4.1. Expand sustainable, value added export businesses and selected value chains which become examples/models that will be emulated by others by a) identifying, screening, developing and gaining approval for competitiveness improvement/business expansion Projects in the selected value chains that will make a significant contribution to AgBiz indicators and b) monitoring the successful implementation of approved projects and adjusting them as needed to achieve objectives;
- 4.2. Enhance the competitiveness of the Tier One value chains and make a significant contribution to AgBiz indicators (and/or respond to USAID requests) by developing and implement a limited number of Activities;
- 4.3. Effectively coordinate with related USAID projects, relevant Other Donor's projects and Ministry of Agriculture, Forestry and Water Economy activities;
- 4.4. Develop and implement an Outreach Program that effectively promotes USAID and the American people as the source of AgBiz assistance;
- 4.5. Develop and implement plans that make effective, efficient and well leveraged use of AgBiz human and financial resources while utilizing at least \$2.4 million in total expenditures in FY '08; and
- 4.6. Utilize monitoring mechanisms that assure operations are in full compliance with relevant USG, USAID and ARD rules, regulations and procedures.

APPENDIX 2 - INTERNAL REPORTS

2.2 AgBiz Staff Assignments

Project / Proposal Assignments

Proposal and Projcet Coordinators						
Proposals & Projects	Value Chain	Coordinator	Team			Comments
Projects						
Inter-Mak	Wild Products	Jeton	Martin & Vlado			Tom Payne due 13 January
Fonko	Wine	Goran	Martin & Lovre			Pursue McKinzey contact
Vitalia	NA	Vlado	Goran & Lovre			
Proposals						
Agros 2004	Fresh Vegetables	Vlado	Martin & Jeton	Basme Consulting	12-Jan-08	
Antares	Wild Products	Jeton	Goran & Lovre	Practical Solutions	8-Jan-08	
Lars	Processed Vegetables	Lovre	Jeton & Goran	MCG	11-Jan-08	
Vipro	Processed Vegetables	Martin	Goran & Vlado	EPICentar	31-Jan-08	
Vilamet	Processed F & V	Goran	Jeton & Martin	PointPro	18-Jan-08	
Dentina	Processed F & V	Goran	Martin & Vlado	MCG	14-Jan-08	
Vivi Prom	Fresh Vegetables & Table Grapes	Vlado	Goran & Lovre	Practical Solutions	13-Jan-08	
Tajmiste	Wild Gathered Food Products	Jeton	Martin & Jeton	EKO Group	11-Feb-08	
Badzo	Fresh F & V	Martin	Vlado & Lovre	SPMG (?)		
Angromarketing	Wild Gathered Food Products	Vlado	Goran & Lovre	CDS	15-Jan-08	
Krivogashtani Promet	Processed F & V	Lovre	Jeton & Martin	Megas 06	19-Jan-08	
Avto Ria	Processed F & V	Lovre	Vlado & Jeton	Megas 06	4-Feb-08	
Fruktana	Processed F & V	Martin	Lovre & Vlado			
Popova Kula	Bottled Wine	Goran	Vlado & Martin			
Proposal Coordinator - responsible for efficiently and effectively moving the proposal through the development process.						
Project Coordinator - responsible for helping the customer to make sure the project is implimented as per the plan, including timing and cost, and that it achieves its objectives and indicators.						
Value Chain Coordinators						
Technica Area/ Value Chain	Processed Vegetables	Fresh Vegetables	Wild, Gathered Foods	Bottled Wine	Table Grapes	
Export Marketing	Martin					
Production Agriculture		Vlado				
Value Chain Development/Policy			Jeton			
Operations Enhancement				Goran		
Accessing Finance					Lovre	

APPENDIX 2 - INTERNAL REPORTS

2.3 Potential Customer Database

Company ID	Company Type	Name	Full Address	Municipality	Key Contact	Permanent	Seasonal	Aproximate Annual Sale
70	Registered Producer Organizations (Commercial)		AD	Dojran	Deljo Toncev	22	100	200.000 - 500.000 EURO
67	Registered Companies	Agro Lozar	Bogdanci	Bogdanci	Tome Lisickov	0	0	
187	Registered Companies	Agro Nikolov DOO	4 Juli, D. Veles	Veles	Todor Nikolov	6	15	200.000 - 500.000 EURO
177	Registered Companies	Agro Old Bi, Kavadarci	Pitu Guli 2	Kavadarci	Orce Todorovski	27	70	over 1.000.000 EURO
178	Registered Companies	Agro Tikvesh, Kavadarci		Kavadarci	Sasho Leonidov	0	0	
146	Trade and Producer Associations (Non-Commercial)	Agrokod-Association of farmer producers	Strumica, Kosta Bozov br. 18	Strumica		0	0	
21	Registered Companies	Agrokomerc 92	Leninova bb Strumica	Strumica	Kire Jovov	10	10	500.000 - 1.000.000 EURO
185	Registered Companies	Agrokomerc-AG d.o.o.	Kacanicki Pat b.b. Industriska zona Vizbegovo		Azbi Ajralahu	0	0	over 1.000.000 EURO
125	Registered Companies	Agromiks	Sveti Nikole, Udarnicka 11	Sveti Nikole	Nake Sterjov	17	200	500.000 - 1.000.000 EURO
180	Registered Companies	Agroprogres	bul Goce Delcev bb 188	Prilep	Zore Capragoski	20	100	200.000 - 500.000 EURO
153	Registered Companies	AGROS 2004	Grdovci, Kocani	Kocani	Ilco Velkov	2	500	0 - 100.000 EURO
39	Registered Companies	Agrova	Kozle 30 b,Kozle	Skopje	Atanas Ognjanov	3	50	0 - 100.000 EURO
176	Registered Companies	Alijansa, Kavadarci	Kiro Krstev 58, Kavadarci	Kavadarci	Saso Tasev	3	50	500.000 - 1.000.000 EURO
166	Registered Companies	Alkaloid AD	Aleksandar Makedonski 12	Skopje	Nikola Mizo	63	0	over 1.000.000 EURO
170	Registered Companies	Alni Skopje	Vostanicka 57/1	Kisela Voda	Nikola Avramovski	1	50	200.000 - 500.000 EURO
16	Registered Companies	Altra	Slobodan M. Danko 111 Gevgelija	Gevgelija		0	0	
168	Registered Companies	AMANITA doo	Anesti Panoski 9/1	Bitola	Zoran Ivanoski	10	60	over 1.000.000 EURO
156	Registered Companies	Angro Marketing DOOEL	Bitolska bb Demir Hisar	Demir Hisar	Vecko Kotevski	20	0	500.000 - 1.000.000 EURO
40	Registered Companies	Antares	Goso Vikentiev 23,Kocani	Kocani	Ms.Biljana Stoimirovska	10	20	200.000 - 500.000 EURO
4	Registered Companies	Anva Funji, DOOEL, Gostivar	Goce Delcev 4/9,	Gostivar	Vasko Anastasoski	4	300	200.000 - 500.000 EURO
109	Trade and Producer Associations (Non-Commercial)	Association of grape producers "VITIS"	M. Tito p.f. 39 1440 Negotino	Negotino	Aleksandar Ristovski	0	0	
150	Trade and Producer Associations (Non-Commercial)	Association of producers of good fed- EKO VITA	Negotino, 4 juli	Negotino	Sasko Todorov	0	0	
169	Registered Companies	ATLE 2	Franklin Ruzvelt	Partizanski Odredi Porta	Mile Gozev	0	0	
94	Registered Companies	B.R.KOMERC	ALIJA AVDOVC	Gazi Baba		0	0	

58	Registered Companies	BADZO P-T,DOOEL,	ul. Boris Kidric, b.b	Gevgelija	Risto Endzekcev	21	107	over 1.000.000 EURO
42	Registered Companies	Baga Fud	Prilepska bb,Bitola	Bitola		0	0	
167	Registered Companies	BELADON	Marksova 95, Prilep	Prilep	Jovan Jovceski	1	15	0 - 100.000 EURO
129	Registered Companies	Biofarmako DOO	Radovis, Industriska bb	Radovis	Krste Gorgiev	15	10	
91	Registered Companies	Boni Er	Oktomvrska Revolucija 32/13	Kumanovo	Kole Petkovski	66	100	500.000 - 1.000.000 EURO
7	Registered Companies	BONUM	Bul. Vojvodina bb	Skopje	Momcilo Ivanovski	150	150	over 1.000.000 EURO
155	Registered Companies	Cape Fungi Demir Hisar	s.Sladuevo	Demir Hisar	Aco i Liljana Stevanovski	2	30	200.000 - 500.000 EURO
54	Registered Companies	Dancev Goce DOOEL	s.BLATEC , Vinica	Vinica	Dancev Goce	0	0	
12	Registered Companies	Diem GP	Basut Negorci	Negorci	Dafinka Deleva	44		over 1.000.000 EURO
20	Registered Companies	DIM Komerc	Kame Polivov bb	Gevgelija		0	0	
183	Registered Companies	DOOEL Stefan	s.Vogani Krivogashtani	Krivogastani	Rubinc Blagadushoski	4	25	200.000 - 500.000 EURO
66	Registered Companies	DPTU „CEKOFAM,, Pehcevo	Bul. Boris Kidric 17 2326 Pehcevo	Pehcevo	NADICA JOVANOVSKA	7	20	0 - 100.000 EURO
26	Registered Companies	DPTU POT DOEL	S. Kolesino 259, Strumica	Strumica	Froska Kostadinova	25	100	over 1.000.000 EURO
65	Registered Companies	EKO HRANA	Gevgelija bb	Gevgelija	Damjan Smilkov	0	0	
86	Registered Producer Organizations (Commercial)	EKO KOOPERATIVA			Jagoda Velkovska	1	30	
149	Trade and Producer Associations (Non-Commercial)	EKO KRATER-association of producers of mushrooms	Kratovo,ul Planinska 4	Kratovo	Goce Stojanovski	0	0	
71	Registered Companies	EKO OAZA SAMANDOS- Oranzerii Dojran	EKO OAZA SAMANDOS- Oranzerii Dojran	Dojran	Riste Samandov	70	80	
6	Registered Companies	Ekstra Fungi DOOEL Kocani	Kliment Ohridski 20,2300 -Kocani	Kocani	Aco Kitanov	13	120	200.000 - 500.000 EURO
171	Registered Companies	Falfungi Gostivar	s.Balindol		Muzafer Bajrami	0	0	
53	Registered Companies	Farma Krin		Vinica	Smilka Micova	0	0	
147	Trade and Producer Associations (Non-Commercial)	Farmer Association- VIVIKOPER	Bogdanci, Marsal Tito br.111b	Bogdanci	Marijan Karastojanov	0	0	
87	Registered Producer Organizations (Commercial)	Federation of farmers of Macedonia			Danail Palankov, president of the Federation of Farmers of Macedonia, responsible for Pepper production, resident in Murtino, Strumica	0	0	

130	Registered Companies	Flores DOO	Skopje, Partizanski Odredi,	Skopje	Mile Gjozev	17	0	over 1.000.000 EURO
112	Registered Companies	Frukta - Konimex holding	"Zeleznicka" bb 1440 Negotino	Negotino	Zdenko Ivanovski	6	20	0 - 100.000 EURO
34	Registered Companies	Frukta(Konimex Group)	Zeleznicka bb, Negotino	Negotino	Viktor Kolovski	5	50	over 1.000.000 EURO
19	Registered Companies	Ge-santos	S.Stojakovo, Gevgelija	Gevgelija		0	0	
186	Registered Companies	Green Fungo d.o.o.	Former Milk Procesing Plant, gostivar	Gostivar	Ylber Sadiku	3	30	200.000 - 500.000 EURO
152	Registered Companies	Greenhouse	Kocani	Kocani	Slave Dimitrov	2	0	100.000 - 200.000 EURO
31	Registered Companies	Grin Product	S. Dzepciste, Tetovo	Tetovo	Naser Zekiri	5	100	500.000 - 1.000.000 EURO
92	Registered Companies	Herba - Stojanovi	Mosha Pijade 160	Kumanovo	Sladzana Stojanova	4	10	100.000 - 200.000 EURO
49	Registered Companies	Industriski ladinik	Marsal Tito bb, Tetovo	Tetovo			0	
132	Registered Companies	Inter-evrogeneks	Novo Selo, Goce Delcev, 13	Novo Selo		10	50	100.000 - 200.000 EURO
172	Registered Companies	Interevrogens Novo Selo	Goce Delcev 12	Novo Selo	Ivan Georgiev	0	50	100.000 - 200.000 EURO
5	Registered Companies	Intermak- Veles	Andon Surkov bb	Veles	Tose Kostadinov	4	200	over 1.000.000 EURO
17	Registered Companies	Irofrozen	Zeleznicka bb Gevgelija	Gevgelija		0	0	
51	Registered Companies	JTD " Rascvet" , Vinica	Dedo Ijo Maleshevki 6, Vinica	Vinica	Fidanco Spasov	1	10	0 - 100.000 EURO
32	Registered Companies	Jugotutun	M.Tito 73, Sveti Nikole	Sveti Nikole	Georgi Mitev	75	150	over 1.000.000 EURO
138	Registered Companies	Kastel DOO	Delcevo	Delcevo	Ilco Iliev	4	6	0 - 100.000 EURO
63	Registered Companies	KIGO	s.mrzenci, Gevgelija	Mrzenci	Kiro Kostov	9	4	
24	Registered Companies	KIM	Industriska bb, Negotino	Negotino	Slavco Jordanov	15	0	over 1.000.000 EURO
184	Registered Companies	Kokolanski d.o.o.e.l.	Kokolanski	Berovo	Zoran Kokolanski	3	10	200.000 - 500.000 EURO
29	Registered Companies	Konimex Holding DOO	Prvomajska-9, 10, Skopje	Skopje	Viktor Kolovski	10	50	over 1.000.000 EURO
143	Registered Producer Organizations (Commercial)	KOOP Novaci	Novaci, S.Novaci, R. Makedonija	Novaci	Jasmina Milosevska	1		200.000 - 500.000 EURO
141	Registered Producer Organizations (Commercial)	Kooperant	Strumica, s.Murtino, R.Makedonija	Strumica	Danail Palankov	1	0	0 - 100.000 EURO
35	Registered Companies	Ksenos	Partizanska 10, Demir Hisar	Demir Hisar	Vasko Damevski	0	0	
28	Registered Companies	Lars	Strumicki pat bb, Shtip	Shtip	Darko Nashkov	5	20	200.000 - 500.000 EURO
74	Registered Companies	Ljupco	Blizanci, Kratovo	Kratovo	Zoran Ivanov	1	15	200.000 - 500.000 EURO

163	Registered Companies	Lozar Pelisterka a.d, Skopje	P.O.Box 889, 1000 Skopje	Skopje	Nikola Nikolovski	60	0	500.000 - 1.000.000 EURO
22	Registered Companies	MABI Trejd Dentina	Goce Delcev 9, Strumica	Strumica	Trajce Karadakoski	10	40	
41	Registered Companies	Maemi	Zeleznicka bb,Ohrid	Ohrid	Boro Neckoski	26	20	
23	Registered Companies	Makedonija	Industrijska zona bb, Negotino	Negotino		0	0	
38	Registered Companies	Medium Export	Dimitrie Tucovik 24,Skopje	Skopje	Ljubomir Drenkovski	0	0	
15	Registered Companies	MTD Prom	Vardarski rid bb Gevgelija	Gevgelija	Mitko Paidakov	6	90	500.000 - 1.000.000 EURO
45	Registered Companies	Nak Sport	Bel kamen bb,Kavadarci	Kavadarci		0	0	
142	Registered Producer Organizations (Commercial)	National Association of wine producers Makedonska Loza	Pitu Guli 4, 1430 Kavadarci	Negotino	Savo Naumcev	0	0	
30	Registered Companies	Nimeks SA	S. Tarinci,Shtip	Shtip		0	0	
82	Registered Companies	Oranzerii Hamzali	Hamzali, Bosilovo, Strumica	Strumica	Vase Mitev	180	120	
93	Registered Companies	OZLEM KOMPANI SKOPJE	PERO NAKOV bb	Gazi Baba		0	0	
56	Registered Companies	Panev Doel	Vinica	Vinica	Simeon Zahariev	1	5	
148	Registered Companies	PECA COMERC		Kavadarci	Temel Blasko	14	0	over 1.000.000 EURO
25	Registered Companies	Petrov Kompani	Industrijska bb, Kavadarci	Kavadarci		60	50	over 1.000.000 EURO
145	Registered Producer Organizations (Commercial)	PRVA LOZARSKA Cooperative	Marshal Tito bb 1440 Negotino	Negotino	Dejan Petrovski	0	0	
8	Registered Companies	RADIKS-SPIN DOOEL	ul. Goce Delcev br. 13/6/19 2400, Strumica	Strumica	Timo Zanev	6	40	500.000 - 1.000.000 EURO
140	Registered Companies	Roza Kanina	Resen, Nikola Karev 55	Resen	Tome Petkovski	11	0	0 - 100.000 EURO
69	Registered Producer Organizations (Commercial)	Rumeks Mak	s. Pesocani	Debar	Rume Cvetanovski	0	0	
9	Registered Companies	s	Ladilnik,Karbutica,Kicevo	Kicevo	Gordana Rufceska	3	40	0 - 100.000 EURO
59	Registered Companies	SALAJKO	ul. Mirko Delev br.7	Negorci	Ilija Micev	3	15	200.000 - 500.000 EURO
18	Registered Companies	Sas Kuprom	Industrijska 2 Gevgelija	Gevgelija	Angel Kupanov	12	40	over 1.000.000 EURO
43	Registered Companies	Sika	Voin Draskovic 1,Skopje	Skopje	Valentina Tutunova;Sonja	4	15	100.000 - 200.000 EURO
73	Registered Companies	SIM-VI DOOEL Kratovo	Karposhovo Vostanie 15	Kratovo	Blage Mitevski	5	0	0 - 100.000 EURO
36	Registered Companies	Skok Trade	GTC, Kej 13 Noemvri 3/1	Skopje	Ginka Ristova	34	1000	over 1.000.000 EURO
64	Registered Companies	SUKLEV KOMPANI	Gevgelija bb	Gevgelija	Magdalena I Simo Suklevi	7	25	100.000 - 200.000 EURO

48	Registered Companies	Svislion Agrar	Industriska bb,Resen	Resen	Anastas Kiceec	150	150	over 1.000.000 EURO
13	Registered Companies	Tehnoalat	Marsal Tito 124 Gevgelija	Gevgelija	Desanka Kicukova	64	170	500.000 - 1.000.000 EURO
55	Registered Companies	TP Stoimenova Sande OLGA	s.Istibanja, Vinica	Vinica	Olga Stoimenova	0	0	
37	Registered Companies	Trgoinzenering	Industriska bb, Radovish	Radovish	Krste Georgiev	30	50	over 1.000.000 EURO
46	Registered Companies	Trgoprodukt	M. Tito,Strumica	Strumica	Boban Zaev	10	20	
44	Registered Companies	Univerzal Promet	Goso Vikentiev 23,Kocani	Kocani	Mile Mihailov	10	150	500.000 - 1.000.000 EURO
139	Registered Companies	Vardar 03 AD Gradsko	Avtopat bb Gradsko	Gradsko	Slobodan Bandzo	218	100	over 1.000.000 EURO
33	Registered Companies	Vasilev Kom	S. Turnovo,Strumica	Strumica		0	0	
14	Registered Companies	Vipro Gevgelija	Moinski pat bb Gevgelija	Gevgelija	Viktor Petkov	0	0	
50	Registered Companies	Vitaminka	Lece Koteski 23, Prilep	Prilep		0	0	
88	Registered Producer Organizations (Commercial)	VITIS		Negotino	Gjoko Danailov	0	20000	
68	Registered Companies	VIVI PROM Vasil LLC	Marshal Tito 111b, Bogdanci	Strumica	Vasil Ampov	7	40	over 1.000.000 EURO
95	Registered Companies	VOGAR SKOPJE	17/4	Gazi Baba		0	0	
11	Registered Companies	Vori	Industriska zona bb Gevgelija	Gevgelija	Georgi Prosev	30	90	over 1.000.000 EURO
106	Registered Companies	Winary A.D. "Venec" Dolni Disan		Dolni Disan	Ile Janchev	30	80	200.000 - 500.000 EURO
108	Registered Companies	Winary Bovin	Industriska zona bb 1440 Negotino	Negotino	Kiro Bogeovski	30	20	over 1.000.000 EURO
57	Registered Companies	Winary DPTU VINAR DOO Skopje	Sremski Front 31	Skopje	Antonio Brzanov	2	10	over 1.000.000 EURO
124	Registered Companies	Winary GI. EM. EN DOOEL, Kavadarci	Rajna Sokolova 14a, 1430 Kavadarci	Kavadarci	Gjorgji Naumcevski	1	0	
62	Registered Companies	Winary JOSTELA	Moinski Pat, bb	Gevgelija	Jovo Gelebesov	2		0 - 100.000 EURO
127	Registered Companies	Winary Jostela Winery, Gevgelija	st. Risto Frshinin 2, 1480 Gevgelija	Gevgelija	Jovan Gelebesev	1	0	
182	Registered Companies	Winary PIRGAN Prilep	Dame Gruev 3	Prilep	Vlatko Pirjanski	3	12	100.000 - 200.000 EURO
116	Registered Companies	Winary Pivka	Industriska zona bb 1440 Negotino	Negotino	Kire Andov	7	15	200.000 - 500.000 EURO
103	Registered Companies	Winary Povardarie	1440 Negotino	Negotino	Dimce Kotevski	120	0	over 1.000.000 EURO
60	Registered Companies	Winary RIGOIMPEKS	Partizanski Odredi, br.18	Skopje	Gorgi Markudov	0	0	
96	Registered Companies	Winary ZAHAS SKOPJE	ALIJA AVDOVIC 4		Gazi Baba	0	0	
52	Registered Companies	Winary-ANGELO DOOEL		Vinica	Rozeta Gligorova	0	0	

100	Registered Companies	Winery "Bovin" Negotino	Industrijska zona bb 1440 Negotino	Negotino	Kiro Bogeovski	30	20	over 1.000.000 EURO
119	Registered Companies	Winery "Cekorovi" Kavadarci	"Edvard Kardelj" 11/10 1430 Kavadarci	Kavadarci	Divna Jordanovska	2	2	
120	Registered Companies	Winery "Chateau Kamnik",	Kamnik b.b, 1000 Skopje	Skopje	Iki Malinkovski	6	4	0 - 100.000 EURO
165	Registered Companies	Winery "Elenov" Demir Kapija	Demir Kapija	Demir Kapija	Risto Elenov	20	30	over 1.000.000 EURO
122	Registered Companies	Winery "Eno-mak Export-Import", doo - Skopje	Ho-si-min 72, 1000 Skopje	Skopje	Sonja Velkovska	4	4	0 - 100.000 EURO
97	Registered Companies	Winery "Gjorchev" Negotino	Industrijska zona bb 1440 Negotino	Negotino	Vlatko Gjorchev	3	2	100.000 - 200.000 EURO
99	Registered Companies	Winery "Pal Kris" Negotino		Negotino	Atanas Delov	1	4	
117	Registered Companies	Winery "Popov" s.Sopot	"Petar Pop Arsov" 13a, 1000 Skopje	Skopje	Miro Popov Zoja Popova	4	4	0 - 100.000 EURO
101	Registered Companies	Winery "Tikvesh" AD Kavadarci	29 Noemvri br. 5 1430 Kavadarci	Kavadarci	Efremcho Oreshkov Igor	0	0	over 1.000.000 EURO
158	Registered Companies	Winery AK Dzumajlija a.d. Lozovo	2208 Lozovo	Lozovo	Kocieva Marija	70	50	over 1.000.000 EURO
159	Registered Companies	Winery Anevski dooel, Stip	Zeleznicka 39, 2000 Stip	Stip	Vlado Mileski	0	0	over 1.000.000 EURO
113	Registered Companies	Winery Dudin S Krivolak Negotino	Aco Adzi Ilov bb 1440 Negotino	Negotino	Gligor Dudin	6	0	100.000 - 200.000 EURO
160	Registered Companies	Winery Eko Invest, Ohrid	Koco Racin, gradski zid 9, 1000 Skopje	Skopje	Aleksandar Stoickovski	22	20	over 1.000.000 EURO
161	Registered Companies	Winery Ezimit Vino doo, Stip	Toso Arsov 36, 2000 Stip	Stip	Zoranco Mitrovski	18	15	over 1.000.000 EURO
111	Registered Companies	Winery Fonko	Pirinska 23 1000 Skopje	Skopje		8	15	200.000 - 500.000 EURO
126	Registered Companies	Winery Grkov , Kavadarci, Plostovo DOOEL	Krnjevo, 1430 Kavadarci	Kavadarci	Perica Jovevski	5	6	0 - 100.000 EURO
162	Registered Companies	Winery Imako Vino, Stip	Mihailo Apostolski 34/5, 2000 Stip	Stip	Riste Ljubotenski	30	20	over 1.000.000 EURO
133	Registered Companies	Winery Popova Kula doo, Demir Kapija	Bulevar na Vinoto 1, Demir Kapija	Demir Kapija	Jordan Trajkov	5	10	100.000 - 200.000 EURO
134	Registered Companies	Winery Radevski	st. Majakovski No. 26, 1000 Skopje	Skopje	Vlado Radevski	4	6	0 - 100.000 EURO
164	Registered Companies	Winery Rigo Impeks doo - Skopje	Partizanski odredi 18, 1000 Skopje	Skopje	Risto Markudov	25	20	over 1.000.000 EURO
75	Registered Companies	Winery Senesija Komerc DOOEL,	Goce Delcev 92/5	Kratovo	Strashko Markovski	1	0	0 - 100.000 EURO
114	Registered Companies	Winery Venec AD	Dolni Disan	Veles	Ile Janchev	30	80	500.000 - 1.000.000 EURO
83	Registered Companies	Winery Vinasa, LLC	ul. Bel Kamen 8	Radovish	Aco Jovanov	1	4	100.000 - 200.000 EURO
121	Registered Companies	Winery "Donov" DOO, Kavadarci	"Lazo Asijata" 6; 1430 Kavadarci	Kavadarci	Spase Donovan	2	0	
123	Registered Companies	Winery "DPTU Eros - trejd, dooel	bul. Makedonija 15/12, 1430 Kavadarci	Kavadarci	Dushko Andov	1	2	
118	Registered Companies	Winery "Skovin"	"15-Korpus"3 1000 Skopje	Skopje	Natasha Bresliska	108	0	over 1.000.000 EURO
136	Registered Companies	Winery, "Vinaris" doo, Export-Import, Kavadarci	Lazo Micev 38, 1430 Kavadarci	Kavadarci	Naco Kimov	2	2	0 - 100.000 EURO

137	Registered Companies	Winery, DPTU Vinar doo, Skopje	Sremski Front 31, 1000 Skopje	Skopje	Antonio Brzanov	3	2	0 - 100.000 EURO
135	Registered Companies	Winery, Vardarska Dolina Andon dooel Export - Import Vozarci-Kavadarci	P.O.Box 32, 2460 Valandovo	Valandovo	Natasha Lazova	10	5	100.000 - 200.000 EURO
131	Registered Companies	Winery,DPTU "Mojsoff" dooel	Resavska 2, 1430 Kavadarci	Kavadarci	Risto Mojsov	1	3	
128	Registered Companies	Winery-DPT "Kartal VINO" dooel Skopje	Prvomajska 34 bb, 1000 Skopje	Skopje	Jordan Kartalov	3	5	0 - 100.000 EURO
144	Trade and Producer Associations (Non-Commercial)	Zdrava Hrana Association of individual farmers	Kumanovo, ul.Done Bozinov bb 1300	Kumanovo	Guro Atanasovski	0	0	
77	Trade and Producer Associations (Non-Commercial)	Zdruzenie na gragani Mal Biznis		Kratovo	Todor Dosev	0	0	
79	Trade and Producer Associations (Non-Commercial)	Zdruzenie na gragani Reka Kratovo	ul.Planinska 40	Kratovo	Goran Ristovski	0	0	
76	Trade and Producer Associations (Non-Commercial)	Zdruzenie na gragani Zdrav Zivot	Mitko Kanabiski 1	Kratovo	Strasko Markovski	0	0	
174	Registered Producer Organizations (Commercial)	Zemjodelsko Pcelarska Zadruga PZ"Napredok"-Skopje	ul.Anton Popov br.3	Skopje	Momcilo Krajceski	75	30	0 - 100.000 EURO
85	Registered Producer Organizations (Commercial)	Zemjodelsko stocarski kombinat Strumica		Strumica	Goran Mitrov	1	0	
72	Registered Companies	Zemsil ST DOOEL Kratovo		Kratovo	Ljubomir Andov	62	50	100.000 - 200.000 EURO
157	Registered Producer Organizations (Commercial)	ZIK LOZAROOVOSHTARSTVO I PRERABOTKA A.D.	P.O.Box 200, 1300 Kumanovo	Kumanovo	Blagoja Mitevski	50	0	over 1.000.000 EURO
173	Registered Companies	Znajta Kompani Radovish	s.Oraovica	Radovish	Jure Georgiev	0	0	
10	Registered Companies	Zora Sped	Industriska bb Gevgelija	Gevgelija		0	0	
104	Registered Producer Organizations (Commercial)	ZZ "Prva lozarska kooperativa" Negotino	Pitu Guli br.6 14440 Negotino	Negotino	Dejan Petrovski	2	0	100.000 - 200.000 EURO
107	Registered Producer Organizations (Commercial)	ZZ Balkan Timjanik	S. Timjanik Negotino	Negotino	Risto	0	0	100.000 - 200.000 EURO

APPENDIX 2 - INTERNAL REPORTS

2.4 FY '08 Budget Summary

Project Name Macedonia Agribusiness Activity AGBIZ
Request for Proposal No. RFTOP - 165-07-004
Contractor ARD, Inc.
Prime Contract Reference IQC No. EDH-I-00-05-00006-00

Macedonia Agribusiness Activity AGBIZ

BUDGET COST SUMMARY

CATEGORY	Grand Total Years 1-4	YEAR 1 Original Budget	YEAR 2 (6,5 m/s) Original Budget	Total Years 1-2	Total Y1+ Y2 Original Budget	Total Years 1-3	Y 1 ACTUAL	Y2 PROJECTED	TOTAL Y1 ACTUAL + Y2 PROJECTED	Diference Original budget ((y1+Y2 (6,5 m/s))- Actual Y1+ Projected Y2	SPENT IN % OF TOTAL BUDGET
LABOR	\$1,586,364.00	\$ 495,878	\$ 257,521	\$ 753,400	\$ 753,400	\$ 1,506,799	\$ 161,852	\$ 521,569	\$ 683,421	\$ (69,978)	43.08
FRINGE	\$464,618.00	\$ 135,505	\$ 76,170	\$ 211,675	\$ 211,675	\$ 423,350	\$ 59,389	\$ 170,307	\$ 229,696	\$ 18,021	49.44
OVERHEAD	\$541,272.00	\$ 156,569	\$ 88,469	\$ 245,038	\$ 245,038	\$ 490,076		\$ 168,456	\$ 168,456	\$ (76,582)	31.12
TRAVEL, TRANSPORTATION & PER DIEM	\$350,988.00	\$ 151,302	\$ 53,705	\$ 205,007	\$ 205,007	\$ 410,014	\$ 34,136	\$ 139,115	\$ 173,251	\$ (31,756)	49.36
ALLOWANCES	\$468,178.00	\$ 173,224	\$ 82,482	\$ 255,706	\$ 255,706	\$ 511,411	\$ 68,514	\$ 132,591	\$ 201,105	\$ (54,601)	42.95
EQUIPMENT	\$184,684.00	\$ 184,684	\$ -	\$ 184,684	\$ 184,684	\$ 369,367	\$ 18,327	\$ 22,000	\$ 40,327	\$ (144,356)	21.84
OTHER DIRECT COSTS	\$232,153.00	\$ 66,972	\$ 31,057	\$ 98,029	\$ 98,029	\$ 196,058	\$ 42,297	\$ 180,834	\$ 223,131	\$ 125,102	96.11
ACTIVITY COSTS	\$234,380.00	\$ 112,960	\$ 61,187	\$ 174,147	\$ 174,147	\$ 348,293	\$ 4,316	\$ 240,200	\$ 244,516	\$ 70,369	104.32
SUBCONTRACTS	\$467,798.00	\$ 163,308	\$ 6,123	\$ 169,431	\$ 169,431	\$ 338,861	\$ 30,009	\$ 429,850	\$ 459,859	\$ 290,429	98.30
GRANTS	\$261,000.00	\$ 100,000	\$ 54,167	\$ 154,167	\$ 154,167	\$ 308,333	\$ -	\$ 150,000	\$ 150,000	\$ (4,167)	57.47
INDIRECT COSTS	\$482,924.00	\$ 160,344	\$ 78,568	\$ 238,913	\$ 238,913	\$ 477,825	\$ 114,895	\$ 197,782	\$ 312,677	\$ 73,764	64.75
SUBTOTAL	\$5,274,359.00	\$ 1,900,746	\$ 789,448	\$ 2,690,194	\$ 2,690,194	\$ 5,380,388	\$ 533,736	\$ 2,352,704	\$ 2,886,440	\$ 196,246	54.73
FEE 4.5%	\$225,601.00	81,033.56	36,393.86	114,121.23	117,427.41	\$ 234,855	14,410.88	99,122.00	113,532.88	\$ (3,895)	50.32
GRAND TOTAL	\$ 5,499,960	\$ 1,981,779	\$ 825,842	\$ 2,804,315	\$ 2,807,622	\$ 5,615,243	\$ 548,147	\$ 2,451,826	\$ 2,999,973	\$ 192,351	54.55

Activities and Projects Expenditures Projection for FY '08

	Daily/Unit Rate	Units	# Activities	Total Cost	Possibilities/Comment
ACTIVITIES					
Expat STTA Assignment					
Expat STTA	\$450	36	2	\$16,200	Association Development
Local STTA	\$200	40	2	\$8,000	Tax Relief for Gatherers & Coop Members
Expat Air	\$2,200	2	2	\$4,400	Regional Market Information Database
Expat M&IE	\$79	34	2	\$2,686	
Expat Hotel	\$148	34	2	\$5,032	
Expat Misc.	\$200	2	2	\$400	
Local Misc.	\$200	2	2	\$400	
STTA Assignment Total				\$37,118	
Workshop or Training					
Expat STTA	\$450	28	4	\$12,600	Regional AID Projects Coord Mtg.
Expat Air	\$1,000	4	4	\$4,000	Export Training with CEED
Expat M&IE	\$79	20	4	\$1,580	
Expat Hotel	\$148	20	4	\$2,960	
Facility Rental	\$400	4	4	\$1,600	
Lunches and Coffee	\$400	12	4	\$4,800	
Interpreter	\$1,400	4	4	\$5,600	
Workshops Total				\$33,140	
Study Tour					
Airfare	\$1,000	4	4	\$4,000	Table Grapes to the RSA
Hotel	\$150	16	4	\$2,400	Fancy Foods Show
M&IE	\$100	16	4	\$1,600	Fresh Fruits & Vegetables (Fruit Logistica)
Misc.	\$100	4	4	\$400	MAP to Turkey
Interpreter	\$1,400	4	4	\$5,600	Barrel Wine Aging
Customer Reimbursement	\$1,000	32	4	\$32,000	
Study Tour Total				\$46,000	
Trade Fair					
Airfare	\$1,000	4	4	\$4,000	ProWein
Hotel	\$150	16	4	\$2,400	Novi Sad
M&IE	\$100	16	4	\$1,600	Amsterdam Private Label
Misc.	\$100	4	4	\$400	SIAL
Space Rental & Booth Construction	\$4,500	20	4	\$90,000	
Customer Reimbursement	\$2,400	20	4	\$48,000	
Promotional Materials	\$1,500	20	4	\$30,000	
Trade Fair Total				\$176,400	
Local STTA Assignment					
Labor	\$200	72	4	\$14,400	Processed vegetables update
Misc.	\$200	4	4	\$800	Study Tour & Trade Fair Facilitation
Local STTA Total				\$15,200	Improved Linkages Between Buyers & Sellers of Peppers
Other: Marketing publications, etc.	5,000	1	1	\$5,000	
SUB-TOTAL ACTIVITIES				\$312,858	
SUBCONTRACTS					
US Subcontractor Assignments					
Finance Manual, Work shops, L.					
Ristevski- Crimson	\$57,000	1	1	\$57,000	Signed
Finance Manual-Crimson	\$43,726	1	1	\$43,726	Signed
Assistance Adding Banks to GoM	\$29,274	1	1	\$29,274	
Duty Draw-back on Re-exports - ICLogistics	\$32,000	1	1	\$32,000	Early development
Implications of Regional Trade Agreements - AIRD	\$20,000	1	1	\$20,000	
AgBiz Strategy Implications of EU Accession-AIRD	\$30,000	1	1	\$30,000	
US Subs Total				\$212,000	
Local Sub-contractor Assignments					
Potential Customers Data Base	\$2,800	1	1	\$2,800	Signed
Capacity Building Needs Assessment	\$6,500	1	1	\$6,500	RfA Circulated
MIS Development and Support	\$5,750	1	1	\$5,750	Under development
M&E Verification	\$5,000	1	1	\$5,000	
Outreach Support	\$8,000	1	1	\$8,000	
Local Subs Total				\$28,050	
SUB TOTAL SUB-CONTRACTS				\$240,050	
TOTAL ACTIVITIES				\$552,908	
PROJECTS					
Model Customer Project					
Local Subcontract	\$9,300	3	3	\$27,900	10 projects 50% completed by year end
Expat STTA	\$450	54	3	\$24,300	6 projects using Expat STTA
Local STTA	\$200	60	3	\$12,000	
Grant	\$25,000	6	5	\$150,000	
Direct Expenses (equip, supplies, etc.)	\$15,000	6	5	\$90,000	
	\$49,950				Average project cost
Assessments	\$4,500	15	15	\$67,500	Late stage development; 7 contracts signed
Business Plans	\$5,000	10	10	\$50,000	
SUB TOTAL PROJECTS				\$421,700	
GRAND TOTAL				\$974,608	

APPENDIX 2 - INTERNAL REPORTS

2.5 Assessment Stage Outline

Annex One

Assessment Stage Proposal Description

1. Company Information

1.1. Full Legal Name:

1.2. Business Address:

1.3. Tax and Central Register Numbers:

1.4. Key Contact:

1.5. Key Contact Telephone and e-Mail Information:

1.6. Company History:

1.6.1. When formed

1.6.2. Important events

1.7. Business Description:

(include brochures and website name if available)

1.8. Current number of employees:

1.8.1. Permanent _____;

1.8.2. Part time workers _____:

1.9. Important Company Objectives and Strategy;

1.10. Management Structure and Team – organization chart with names and titles

1.11. Sales by Product Line:

Product Line	Total Sales	Export Sales	Primary Customer Type	Major Export Markets
TOTAL			NA	NA

1.12. Financial Results

1.12.1. P&L for last three years (See Annex 2)

1.12.2. Balance sheet for last three years (See Annex 3)

1.13. Financial Capacity

2. Proposed Business Expansion Project Description

2.1 Value chain (check one)

2.1.1. Processed Vegetables _____

2.1.2. Fresh Vegetables _____

2.1.3. Wild gathered Products _____

2.1.4. Bottled Wine _____

2.1.5. Table Grapes _____

2.1.6. Other – specify _____

2.2. Primary objectives of the proposed business expansion project

2.3. The purpose of the project being proposed

2.4. What will be the specific benefits to the company:

- 2.4.1. Competitiveness;
- 2.4.2. Total sales growth;
- 2.4.3. Export sales growth;
- 2.4.4. Value added;
- 2.4.5. Increased gross margin;
- 2.4.6. Return on investment: and
- 2.4.7. Sustainability.

2.5. Why will the project be successful and sustainable; the project justification

- 2.5.1. Raw material supply – quantities and quantities
- 2.5.2. Processing considerations – capacity, systems, technology
- 2.5.3. Marketing considerations – knowledge of available markets, knowledge of distributors/customers in those markets, understanding of the Basis of Competition in target markets, how a competitive advantage be achieved, etc.
- 2.5.4. Proponents managerial track record – evidence of ability to successfully develop, manage and sustain the project
- 2.5.5. Project risks understood and a mitigation plan developed

2.6. Project Sales Projection

Year	Macedonia Sales	Export Sales	Total Sales
2008			
2009			
2010			

2.7 Project Total Cost Projection

Item	Customer Contribution (MKD)	AgBiz Contribution (MKD)	Loans or External Equity (MKD)	Total Cost	AgBiz % of Total
1. Project Coordination/ Management					
2. Technical Assistance					
3. Studies/Analyses					
4. Inputs – raw materials & labor					
5. Training					
6. Fixed Assets					
7. Financing Costs					
8. Administrative Expenses					
9. Sales & Marketing					
10. Working Capital					
TOTAL					

2.8 Projected Returns (preliminary)

Indicators	Without the Proposed Project	With the Proposed Project
Gross Margin %		
Net Present Value (NPV) MKD Million		
Internal Rate of Return (IRR)		
Payback Period		

2.9 Explanation of the Cost Structure, Gross Margin and Revenue with and without the proposed project

- 2.9.1 Projected unit costs, gross margin and revenue without the proposed project

2.9.2 Projected unit costs, grow margin and revenue with the proposed project

2.10 Implementation schedule (Milestones chart preferably linked to investment)

2.11 AgBiz Assistance Needed (specific type of assistance requested from AgBiz)

- Technical Assistance
- Training
- Equipment Acquisition
- Marketing Assistance
- Marketing Manager Support
- Assistance to Source Financing
- Study Tour
- Trade Fair Participation
- Certification Assistance
- Other

2.12 Cost to AgBiz

2.12.1 Basis for determining the estimated value of the assistance requested

2.13 Primary AgBiz responsibilities during project implementation

3.0 AgBiz Proposal Assessment

3.1 Impact on Indicators and Return on AgBiz Resources (initial indication)

LOP INDICATOR IMPACT								
New FTE Jobs	Number of Producers Involved	Increased Total Sales	Increased Export Sales	Increased Mac Raw Material Purchases	Additional Households Benefited (producers plus labor)	Ha. Using New Technologies or Mgt. Practices	Value of Financing Identified	Value of Investment Stimulated
AgBiz LoP Dollar Cost per Result								

3.2 Environment

3.2.1 Environmental Consequences and Recommended Action

3.2.1.1 Using ERD – Annex 4

3.3 Other considerations

- 3.3.1 Consistency with GoM priorities and regulations
- 3.3.2 Minimal overlap with other donor or GoM support
- 3.3.3 Modifications required in current enabling environment
- 3.3.4 Linkages with IPARD/EU accession
- 3.3.5 Extent to which project principles can be replicated elsewhere
- 3.3.6 Gender considerations
- 3.3.7 Level of community support
- 3.3.8 Ethnic diversity

4.0 Consultant's Observations and Opinions

4.1 Observations

4.2 Opinions

4.3 Level of comfort with project cost projections:

High ____; Medium ____; Low ____