



USAID | **MACEDONIA**
FROM THE AMERICAN PEOPLE

AGBIZ PROGRAM

THIRD QUARTER FISCAL 2010 REPORT
APRIL–JUNE 2010

JULY 2010

This publication was produced for review by the United States Agency for International Development.
It was prepared by ARD, Inc.

Prepared for the United States Agency for International Development, USAID Contract Number EDH-I-00-05-00006-00, Task Order 03, Macedonia Agribusiness Activity (AgBiz), under the Rural and Agricultural Incomes with a Sustainable Environment Plus (RAISE PLUS) Indefinite Quantity Contract (IQC).

Implemented by:
ARD, Inc.
P.O. Box 1397
Burlington, VT 05402

AGBIZ PROGRAM

THIRD QUARTER FISCAL 2010 REPORT
APRIL–JUNE 2010

JULY 2010

DISCLAIMER

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

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS	III
DEFINITIONS	VII
EXECUTIVE SUMMARY	IX
I.0 THIRD QUARTER ACCOMPLISHMENTS	I
VALUE CHAIN	
I.1 FRESH FRUIT AND VEGETABLES VALUE CHAIN – LOVRE RISTESKI, VALUE CHAIN COORDINATOR.....	1
I.1.1 Detailed Accomplishments vs. Projected Objectives – Activities.....	2
I.1.2 Detailed Accomplishments vs. Projected Objectives – Projects.....	2
I.1.3 Activities Initiated this Quarter	3
I.1.4 Competitiveness Enhancement Activities Completed during the Quarter	3
I.1.5 Work Completed During the Quarter Summary	5
I.2 PROCESSED VEGETABLES VALUE CHAIN – COORDINATED BY THE MACEDONIAN ASSOCIATION OF PROCESSORS	6
I.2.1 Detailed Accomplishments vs. Projected Objectives – Activities.....	7
I.2.2 Detailed Accomplishments vs. Projected Objectives – Projects.....	8
I.2.3 Activities Initiated this Quarter	8
I.2.4 Competitiveness Enhancement Activities Completed during the Quarter	8
I.2.5 Work Completed during the Quarter Summary	14
I.3 WINE VALUE CHAIN – GORAN DAMOVSKI, VALUE CHAIN COORDINATOR.....	15
I.3.1 Detailed Accomplishments vs. Projected Objectives – Activities.....	15
I.3.2 Detailed Accomplishments vs. Projected Objectives – Projects.....	15
I.3.3 Activities Initiated this Quarter	16
I.3.4 Competitiveness Enhancement Activities Completed during the Quarter	17
I.3.5 Work Completed During the Quarter Summary	20
CROSS-CUTTING	
I.4 POLICY AND INSTITUTIONAL REFORM	22
I.4.1 Detailed Accomplishments vs. Projected Objectives	22
I.4.2 Activities Initiated this Quarter	22
I.4.3 Priority PIRNs Identified During the Quarter	23
I.4.4 Constraints to the Competitiveness of Macedonian Agribusiness Exporters	24
I.5 ACCESS TO FINANCE.....	25
I.5.1 Detailed Accomplishments vs. Projected Objectives	26
I.5.2 Competitiveness Enhancement Activities Completed During the Quarter	26
I.5.3 Work Completed During the Quarter	28
I.6 BACKWARD LINKAGES.....	29
I.6.1 Detailed Accomplishments vs. Projected Objectives – Activities.....	30
I.6.2 Detailed Accomplishments vs. Projected Objectives – Projects.....	30
I.6.3 Competitiveness Enhancement Activities Completed during the Quarter	30
I.6.4 Work Completed During the Quarter Summary	31
I.7 ASSOCIATION DEVELOPMENT	31
I.7.1 Detailed Accomplishments vs. Projected Objectives	32
I.7.2 Competitiveness Enhancement Activities Completed during the Quarter	32
I.7.3 Work Completed During the Quarter Summary	34
I.8 OUTREACH, MARKET INFORMATION, AND ENVIRONMENT.....	34
I.8.1 Detailed Accomplishments vs. Projected Objectives	34
I.8.2 Activities Initiated this Quarter	35
I.8.3 Work Completed during the Quarter.....	36
I.9 PROGRAM DEVELOPMENT AND IMPLEMENTATION.....	38
I.9.1 Detailed Accomplishments vs. Projected Objectives	38
I.9.2 Work Completed during the Quarter.....	40
I.9.3 Program Administration and Control	41
I.9.4 Quantitative Performance Indicators	48
2.0 OPERATIONAL CHALLENGES ENCOUNTERED	51
2.1 EXTERNAL.....	51

2.1.1	<i>Global Economic Crisis</i>	51
2.1.2	<i>Effective IPARD Utilization</i>	53
2.1.3	<i>Minimal Understanding of and Interest in Producer Organizations and Trade Associations</i>	53
2.2	INTERNAL TO AGBIZ	54
2.2.1	<i>Market Information</i>	54
3.0	FINANCIAL REPORT	57
4.0	PLANS FOR THE FOURTH FISCAL QUARTER.....	59
5.0	REPORTS PRODUCED DURING THE QUARTER.....	63
5.1	EXTERNAL REPORTS	63
5.2	INTERNAL REPORTS	63

LIST OF TABLES:

TABLE 1.	GRANT DISBURSEMENTS REPORT	41
TABLE 2.	PROJECT STATUS REPORT	43
TABLE 3.	ACTIVITIES STATUS REPORT	44
TABLE 4.	IMPLEMENTATION STATUS OF ENVIRONMENT MITIGATION MEASURES.....	46
TABLE 5.	AGREEMENTS SIGNED	47
TABLE 6.	THIRD QUARTER INDICATOR ACHIEVEMENTS.....	48

ACRONYMS AND ABBREVIATIONS

AC	Activity Concept
ACDF	Agricultural Credit Discount Fund
AD	Activity Description
AFSARD	Agency for Financial Support of Agriculture and Rural Development
AMIS	Agricultural Market Information System
ANUGA	Bi annual Food Trade Fair in Cologne, Germany
AoF	Area of Focus
B2B	Business to Business
BEA	Business Environment Activity (USAID-funded)
CAP	Common Agricultural Policy
CBI	Dutch Centre for the Promotion of Imports from Developing Countries
CEED	Center for Entrepreneurship and Executive Development
CEFTA	Central European Free Trade Agreement
CERM	Confederation of Employers of the Republic of Macedonia
CoC	Chamber of Commerce
CoP	Chief of Party
COTR	Contracting Officer's Technical Representative
CY	Calendar Year
DOC	Development Outreach and Communication
EBRD	European Bank for Reconstruction and Development
EG	Economic Growth
EMMP	Environment Mitigation Monitoring Plan
EU	European Union
Euribor	Most commonly used money-market rate in the Eurozone
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FY	Fiscal Year
FYTD	Fiscal Year to Date
GDP	Gross Domestic Product

GoM	Government of Macedonia
GTZ	<i>Deutsche Gesellschaft für Technische Zusammenarbeit</i> (EU Approximation and Regional Cooperation in the Agro & Food Sector)
Ha	Hectare
HACCP	Hazard Analyses and Critical Control Points
HO	Home Office
IPARD	Instrument for Pre-Accession Assistance for Rural Development
ISO	International Organization for Standardization
LoI	Letter of Intent
LoP	Life of Program
M&E	Monitoring and Evaluation
MAFWE	Ministry of Agriculture, Forestry, and Water Economy
MAEA	Macedonian Agro Exporters Association
MAP	Macedonian Association of Processors
MASHAV	Israeli Agency for International Development
MBEP	Macedonian Bank for Export Promotion
MCP	Macedonia Competitiveness Project (USAID-funded)
MIS	Management Information System
MKD	Macedonian Denar
MLGA	Macedonia Local Government Activity (USAID-funded)
MoE	Ministry of Economy
MoU	Memoranda of Understanding
MTV	Macedonian National Television
NGO	Nongovernmental Organization
NR	Not Required
OECD	Organization for Economic Co-operation and Development
OIV	International Organization of Vine and Wine
PC	Project Coordinator
PIR	Policy and Institutional Reform
PIRN	Policy and Institutional Reform Needs
PGI	Protected Geographic Indication
PMP	Performance Monitoring Plan
PO	Producer Organization
PPD	Public-Private Dialogue
PV	Processed Vegetables
QR	Quarterly Report

RCI	Regional Competitiveness Initiative
RMI	Regional Market Information
SAPARD	Special Accession Program for Agriculture and Rural Development
SEI	Secretariat for European Integration
SEMP	Sector Export Marketing Plan
SIPPO	Swiss Import Promotion Program
SME	Small and Medium Enterprise
SNV	<i>Nederlandse Vrijwilligers</i> (Foundation Netherlands Volunteers)
SoW	Scope of Work
STA/M	Senior Technical Advisor/Manager
STC	Short-term Consultant
SWG RRD	Regional Rural Development Standing Working Group
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UC	University of California
UK	United Kingdom
USA	United States of America
USAID	United States Agency for International Development
YTD	Year to Date
VAT	Value Added Tax
VC	Value Chain
VCC	Value Chain Coordinator
WGP	Wild Gathered Products
WTO	World Trade Organization

DEFINITIONS

Each of the following sections presents activities and projects in the stage of development they were in at the end of the Quarter. The definitions of these stages of development used for all activities and projects are shown below and are not repeated within each section.

FURTHER REVIEW: Activities that were being considered at the end of the quarter, but implementation arrangements had not been developed, nor had United States Agency for International Development (USAID) approval of the potential activity been requested.

UNDER DEVELOPMENT: Activities that were being developed at the end of the quarter, but implementation had not started. These activities have been approved by USAID, and agreements with partners and participants were being developed but have not been signed. Total Cost and AgBiz Share projections are shown when available.

BEING IMPLEMENTED: Activities/Projects that were underway at the end of the quarter. These activities have been approved by USAID, agreements with partners [Letters of Intent (LoIs)] and participant Memoranda of Understanding (MoUs) have been negotiated, and/or subcontracts have been signed with service providers. The projected Total Direct Cost and AgBiz Cost Share are shown for each.

COMPLETED: Activities/Projects that were completed during the Quarter. The Total Direct Cost and AgBiz Share are shown for each.

ON HOLD OR DROPPED: Activities that were considered but not pursued during the quarter. The reason they were dropped is noted.

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

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

EXECUTIVE SUMMARY

Program Development: In May 2010, the results achieved by the AgBiz Project were celebrated at a Congratulations Ceremony. At the event, His Excellency Ambassador Reeker praised the progress made by the agribusinesses that, supported by AgBiz, showed significant progress in expanding their businesses and growing exports. With a half a million dollars in grants from the US Government, AgBiz participants anticipate being able to generate approximately \$30.4 million in exports, provide additional income to around 15,800 households, and stimulate over 7.8 million dollars in private sector investments. In addition to honoring Project participants, USAID Mission Director Mike Fritz presented each of the ten wineries included in the “Wines of Macedonia” promotional videos with final copies of their videos, as well as the newly completed compilation video. These videos, financed by USAID, were produced in cooperation with AgBiz and Macedonian National TV. They have been aired weekly over the past four months.

Significant cooperation with other entities included the continued close coordination with the Deputy Minister of Agriculture on the development of laws on wine and agriculture, regular coordination meetings with the Ministry of Agriculture, Forestry, and Water Economy (MAFWE) Department for Analysis of Agricultural Policies to enhance private with public sector dialogue, meetings with the Israeli Agency for International Development (MASHAV) on future cooperation, and renewed discussions with the Center for Entrepreneurship and Executive Development (CEED) on export promotion cooperation. The AgBiz Chief of Party participated in the annual USAID Regional Competitiveness Initiative (RCI) meeting in Sarajevo, presenting on the AgBiz program and establishing closer links to related USAID projects for future communication and cooperation.

Value Chain Competitiveness Enhancement Activities: At the end of the Quarter, two Activity Concepts were “under review,” five Activities had been internally approved and were “being developed,” 11 Activities had been approved by USAID and were “being implemented,” 11 Activities were “completed,” and one was “on hold.” Those Activities being implemented at the end of the Quarter were:

- A sales mission with the Swiss Import Promotion Program in which Swiss importers meet Macedonian fresh fruit and vegetable (FF&V) exporters;
- The World Food Trade Fair Moscow 2010;
- Production of value-added Viktorija table grape for the international market;
- Fresh apple exports to India;
- Wine sector export marketing plan development (with the Dutch Centre for the Promotion of Imports from Developing Countries [CBI]);
- An assessment of regulations and practices regarding seasonal employment in agriculture;
- The “Shumski Plod” members study tour to the Bulgarian Wild Gathered Products (WGP) Association;
- Support to “Shumski Plod” for addressing the multiple taxation of the WGP Policy and Institutional Reform Needs (PIRN);
- Bi-monthly market information newsletters for each value chain; and
- Regional market information dissemination in Moja Zemija Magazine.

Activities successfully completed during the Quarter were:

- A study tour for modern post-harvest handling capacity building in Holland;
- Post-harvest training at the University of California Davis;
- A study tour and B2B in Canada;
- A survey on the performance of the processed vegetable (PV) value chain (VC) industry in 2009;
- Establishment of model production contracts between PV VC processors and primary producers;
- Updating of the Agribusiness Finance Manual;
- FF&V companies Instrument for Pre Accession Assistance for Rural Development (IPARD) study tour in Croatia;
- Assessment of AgBiz VC participant usage of backward linkages;
- Assessment of the interest and commitment of fresh produce VC participants to establish a trade association;
- Technical assistance for legal registration of the FF&V Association; and
- Support to the “Shumski Plod” association to develop a five-year strategy and Annual Work Plan.

During this Quarter, 35 companies, two producer organizations, and three trade associations received assistance; and 20 individuals received training. Fifteen new export customers were identified by Activity participants and €450,000 worth of potential orders were received as a result of completed Activities. The total cost of Activities completed during the Quarter was \$92,171, and the AgBiz direct cost was \$48,976, for an average AgBiz cost share of 53%.

Export Focused, Business Expansion Projects: By the end of the Quarter, AgBiz had contributed a total of \$490,697 to the 20 approved Projects (not including environment related work), and grantees had contributed \$7,862,247. This represents 97% of the AgBiz agreed support and 145% of customers’ reported contributions to Projects. One hundred and forty-one percent, or \$8.3 million, of total Project expenditures had been completed by the end of the Quarter. The higher percentage of expenditures than projected is due to the fact that grantees invested more than projected in the grant award budgets. Nineteen of the 20 Projects have been closed. The last grant will be completed at the end of the next quarter.

Enhanced Access to Finance: Improved and detailed access to finance assistance was provided to two companies and one individual who then applied for loans totaling \$186,620. Three companies received export insurance policies for their exports to the European Union. To provide assistance to AgBiz customers and transfer IPARD knowledge, an April study tour to Croatia was organized. Relevant sources of financing through government programs were presented to six customers. Together with the Chief of the Credit Insurance Department for the Macedonian Bank for Export Promotion (MBEP), the program presented the bank’s export insurance product to six companies, including advantages and the possibility of its use as collateral. These customers also received information regarding all other MBEP credit products, conditions, and Guarantee Fund possibilities, signed a Memorandum for Cooperation with the bank, and subsequently applied for MBEP export insurance. Four companies received information regarding available sources and types of finance, an explanation of different financing product characteristics, and the advantages of the use of loans, leases, equity, or other types of financing. The most current information on Macedonia’s financial markets, financing products available to AgBiz customers, and ways to choose the best option were provided in the updated AgBiz Agribusiness Financial Manual and presented in individual meetings.

Policy and Institutional Reform: During the Quarter, AgBiz continued activities related to policy and institutional reform. The program held a workshop to present the results of the Assessment of Seasonal Employment in Agriculture; comments from participants were collected and a draft report submitted. AgBiz held numerous coordination meetings with wineries and MAFWE to address issues concerning the surplus of bulk wine—an enormous problem for the start of the next season that will negatively impact

the buyout of new grapes. AgBiz also continued discussions with the MAFWE Department for Analysis of Agricultural Policies to design and initiate the Assessment of the Government of Macedonia (GoM) Agricultural Subsidy Scheme. As initiated by Macedonian Association of Processors members, AgBiz completed an activity for the development of model contracts for contract farming that will satisfy AgBiz clients' needs and be consistent with MAFWE's proposed model contract. A follow up of this activity will be implemented during the fourth quarter of the fiscal year to determine the utilization and outcome of production contracts.

Operational Challenges Encountered: The previously reported ineffective experience in IPARD utilization and slow development of producer organizations and trade associations improved during the Quarter, but still represent a significant operational challenge. Weak and uncoordinated GoM support for exports remains. Internal challenges included the difficulties to implement policy and institutional reform activities, particularly for policy and institutional reform needs that require some intervention in the legislative process, since there are very few strong industry associations. There is only one properly functioning trade association, one is beginning to function as an interest group, and two have just emerged with the help of AgBiz. During the Quarter, several new laws were quickly adopted without sufficient time for private sector input.

Performance Indicators: Progress toward achieving qualitative program objectives was very satisfactory during the Quarter, and the trend of overachieving both qualitative and quantitative indicators continued. Although indicator achievements are not necessarily evenly distributed throughout the year, almost 80% of indicators reported on a quarterly basis are overachieved by the end of the Quarter. Since the end of the third quarter represents 75% of the fiscal year, an indicator that is at least 75% accomplished can be said to be on schedule. Thirty-five agribusinesses and five Producer organizations/trade associations benefitted from the Activities completed during the Quarter, and marketing and competitiveness enhancement training was delivered to 20 individuals. Over \$180,600 of financing opportunities were identified for three customers. The participation of 12 customers in the Holland and Canada study tours resulted in €450,000 worth of new orders, while customers that participated in the Anuga Trade Fair held in October 2009 reported additional orders of €58,000. Over \$200,000 in customer contributions to Projects and Activities was stimulated during the Quarter. AgBiz contributed an average of 24% of the total direct cost of these Activities and Projects, thus achieving very good resource leveraging.

I.0 THIRD QUARTER ACCOMPLISHMENTS

VALUE CHAINS

I.1 FRESH FRUIT AND VEGETABLES VALUE CHAIN – LOVRE RISTESKI, VALUE CHAIN COORDINATOR

Value Chain Overview

The Fresh Fruits and Vegetables (FF&V) Value Chain (VC) has a significant impact on Macedonian export sales, and huge potential for additional export value by increased value adding. AgBiz customers in the FF&V VC are primarily agribusinesses involved in the production and/or sale of table grapes and fresh apples on the fresh fruit side, and peppers, tomatoes, cabbage, cucumbers, and melons as the top five exported vegetables.

Macedonia has a long fruit growing tradition and good climatic conditions. Around 6,000 hectares are currently planted in table grapes, potential table grape vineyard land is around 10,000 hectares (ha), the cost of labor is comparatively low, and 70% of vineyards are owned by individuals. Table grape production has been stable to increasing over the last 10 years. Fresh fruit exports are estimated to be \$50 million. Numerous groups are involved in inputs supply, production, harvesting, and post-harvest activities, for growing fruits and their exports are important from both economic and social stability perspectives.

From a total of food product exported from Macedonia at around \$254 million, 20.6% belongs to the top five fresh vegetables—peppers, tomatoes, cabbage, cucumbers, and melons. In the last ten years, the total value of exports for these five products has increased from \$16.2 to \$52.2 million, with the largest export growth being recorded in tomatoes and cabbage. Pepper exports showed a significant decrease as a direct result of growth in the domestic vegetable processing industry where peppers are one of the main raw materials.

Regional markets continue to be traditional markets for Macedonian fresh fruit and vegetables, though, as they become more sophisticated and open to competition, fresh exporters from Macedonia are losing market share and struggle to sustain their markets. Besides the lack of marketing knowledge and ability to respond to changing market requirements and trends, post-harvest handling of fresh fruit and vegetables in Macedonia is the weakest part of this value chain. Currently very minimal post-harvest value adding or quality preservation take place, since most products are shipped bulk directly from the field without proper or any sorting, calibration, cooling, or other activities needed for price improvement and compliance with required European market standards.

AgBiz work on FF&V export competitiveness enhancement is focused on improving post-harvest handling to support the producers/consolidators/exporters to change their traditional practices, improve post-harvest operations, and develop modern packing centers, market diversification, and the overall image of Macedonian FF&V as pre-requisites for re-gaining the traditional and securing new market entries and long-term export sales. The program support to increase the shelf life and quality of products, ensuring that exports meet the standards required by European Union (EU) markets, and to organize trade fairs presentation and business to business (B2B) meetings with the most relevant European buyers has achieved the expected result of more value added product offer and increased customer exports. AgBiz stimulated the formation of an FF&V Exporters Association, including all most relevant

companies in Macedonia dealing with FF&V that should significantly improve horizontal coordination and capacity of the VC to upgrade the overall performance standards, organize joint export presentation, and more successfully develop the dialogue with the relevant Government of Macedonia (GoM) institutions.

Supporting investments for new, modern packing centers and gradual investments in cold storages that meet EU standards will help maintain this large and important export-oriented VC. FF&V VC development can be supported via government financial help for planting new table grape vineyards and apple varieties, production, and post-harvest improvements are possible via loans at favorable interest rates and Instrument for Pre-Accession Assistance for Rural Development (IPARD) funds are available for Macedonian FF&V businesses. AgBiz has conducted several workshops and study tours to help customers accessing all available financial resources.

1.1.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports on the results achieved for each activity versus the objective for that activity established in the last quarterly report. Reports on completed activities are presented in Section 1.1.4 below.

Activity	Expected Result	Result Achieved
Fruit Logistica 2010 (3-month Follow-up Report)	Activity implemented and Results Report completed	Completed, see Section 1.1.4.1
World Food Trade Fair Exhibition 2010, Moscow, Russia	Activity description (AD) approved; budget determined, presented to potential participants, and participant interest determined	AD approved; budget determined; participants selected; Letters of Intent signed with participants; and contract signed with vendor
Study Tour for Modern Post-harvest Handling Capacity Building in Holland	Activity completed and Activity Report prepared	Completed, see Section 1.1.4.2
University of California (UC) Davis Post-harvest Training	AD approved; Scope of Work (SoW) for professor developed and approved; contract developed and signed, UC Davis post-harvest training completed	Completed, see Section 1.1.4.3
B2B meetings as a joint activity with Swiss Import Promotion Program (SIPPO) for FF&V exporters with Swiss importers in Macedonia	Activity concept (AC), AD, and MoU approved and signed	AC, AD, and MoU approved and signed
Sales mission to Croatia and Slovenia	AD approved; budget determined and presented to potential participants; customer interest determined; Lol signed with participants and a contract with vendor; AC prepared	AC and AD approved. Activity was merged with the study tour for establishing linkages with Era Group, so additional time needed to define the logistics
Fresh apple exports to India with Macedonia Competitiveness Project (MCP)	Support to communication between the Macedonian suppliers and Indian buyers; realistic export potential assessed for the coming season	Arranged meetings with potential buyers from India and Macedonian exporters; buyer/seller communications supported

1.1.2 Detailed Accomplishments vs. Projected Objectives – Projects

The matrix below reports on progress made toward the achievement of project objectives.

Project Title	Objective	Result Achieved during the Quarter
LEDRA AGRO	Improved quality and competitiveness of seedless table grape exports	Regular meetings for sharing information were held and quarterly reports communicated and approved. During the quarter, total sales were 3.3M Macedonian Denar (MKD); 1.62 M MKD of raw materials purchased from smallholder producers.
GD TIKVESH	Improved quality of table grapes and establishing a packing center	Regular meetings for sharing information were held and quarterly reports communicated and approved from the customer. During the quarter, total sales were 28.2M MKD; 5.0M MKD worth of raw materials purchased from smallholder producers.
PECA KOMERC	Establishment of a modern produce packing center	Regular meetings for sharing information were held and quarterly reports communicated and approved. During the quarter, total sales were 24.6M MKD; 19.8M worth of raw materials purchased from 500 smallholder producers.
AGROHEMIJA	Establishment of a new packing center	Regular meetings for sharing information were held and quarterly reports communicated and approved. During the quarter, total sales were 44.4M MKD, and 13.0M MKD worth of raw materials purchased from smallholder producers.
AGROS 2004	Establishment of a new model of harvest and post-harvest activities on 30 ha of peppers	Meetings for sharing information were held and quarterly reports communicated and approved. During the quarter, total sales were 5.5M MKD.
BADZO	Improved competitiveness of fresh	Regular meetings for sharing information were held and quarterly reports

Project Title	Objective	Result Achieved during the Quarter
	vegetable exports	communicated and approved. During the quarter, total sales were 89.1M MKD, and 75.0 M MKD worth of raw materials purchased from smallholder producers.

1.1.3 Activities Initiated this Quarter

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Improved production and added value to Viktorija table grapes to be competitive in international markets	Adapt and apply production and post-harvest technologies observed on international study tours	AC and AD were approved, SoW for the professor (expert) developed and approved; contract with professor developed and signed
Foreign direct investment (FDI) in agricultural commodity exchange market in Kochani	Attract FDI, which will result in local area development and will have a positive impact on the development of the FF&V VC	AC and AD approved

1.1.4 Competitiveness Enhancement Activities Completed during the Quarter

1.1.4.1 Fruit Logistica 2010 (Three-month Follow-up Report)

DESCRIPTION/OBJECTIVE: Based on the interest and requests of Macedonian companies from the agricultural and food sector, collaboration was established between *Deutsche Gesellschaft für Technische Zusammenarbeit* (EU Approximation and Regional Cooperation in the Agro and Food Sector, GTZ), Osec/SIPPO, Ministry of Agriculture, Forestry, and Water Economy (MAFWE), and AgBiz to jointly support seven Macedonian companies to exhibit at Fruit Logistica 2010. Following the successful presentation, the positive feedback, and the results achieved (meeting the objectives of the 2009 participation), seven Macedonian companies exhibited their products on a Macedonian National Stand at Fruit Logistica 2010 in Berlin, Germany, between the February 3 and 5, 2010.

OUTCOME/FOLLOW-UP: The three-month follow-up report re-confirmed that the participation of Macedonian fresh food producers at the Fruit Logistica Berlin 2010 trade fair was a great success. The benefits reported by Fruit Logistica participants include creation of strategic partnerships and strengthened linkages with existing customers, exchanges on FF&V marketing experiences with more experienced companies from the EU, and access to the most recent know-how and new, improved technologies and management practices for improved productivity and enhancing competitiveness.

After an initial spectacular €4.4M in orders received at Fruit Logistica, all seven participating companies continued to coordinate closely with the buyers with whom they had signed contracts and started to deliver orders received during the fair. They also followed up with new contacts to supply different crops throughout the season. Badzo from Bogdanci reported export of fresh fruit and vegetables worth approximately €40,000 being organized to Poland, export of spring cabbage in the amount of €60,000 to Ukraine, and a continued negotiation process with a chain of supermarkets in Slovenia. Turan, also from Bogdanci, exported various fresh vegetables with value of €30,000 to Poland and €40,000 worth of spring cabbage to Russia.

After the trade fair, Vivi Prom Company was visited by a representative of the Russian buyer met at Fruit Logistica, and the parties successfully negotiated export of combined fresh vegetables in the amount of €80,000 (realized during this period). The company has also signed and fulfilled the contract for the export of spring cabbage to Ukraine worth €130,000, and it is in process of further negotiation with buyers from Poland. Agrolozar started to fulfil the new contract with ASDA in the amount of €300,000 and began to export Bambolino watermelons and different fresh vegetables. Avto Ria continued to supply FF&V to their biggest buyer Mayer & Mayer from Germany, and during the three-month period, managed to deliver approximately €280,000 worth of fresh produce. Not being able to reach to an agreement with buyers, Antares (Kochani) and Altra Gevgelija cancelled their negotiation processes.

As a result of maintained contacts with potential buyers, in three months, participating companies managed to fulfill contracts at the amount of €960,000 and received additional orders. Fulfilled orders for spring cabbage worth €380,000 during the quarter considerably contributed to more balanced demand and supply of spring cabbage at the fresh market in Macedonia, resulting in more stable buyout and adequate price per kilo and secured continuous export sales of fresh products based on their seasonality.

The AgBiz staff member that participated in the trade fair will continue to monitor the results achieved from Anuga related to increased sales and opportunities for the participants to work together when developing sales strategies, and when needed, the project will facilitate follow-up with direct contacts established at the fair. For more details see “*Activity Three-month Follow-up Report Fruit Logistica, 2010*” included on the CD-ROM version of this report.

1.1.4.2 Study Tour to Holland for Modern Post-harvest Handling Capacity Building

DESCRIPTION/OBJECTIVE: This activity, designed to transfer of knowledge to Macedonian exporters, is based on the need to increase the capacity of domestic FF&V operators to adopt modern and highly competitive post-harvest handling practices and storage technologies. Existing FF&V production and post-harvest technologies utilized in Macedonia are generally not adequate to allow exporters to meet EU supermarket standards, so local production and post-harvest technologies need to be improved to comply with these demanding requirements. Post-harvest handling practices such as grading and packaging, and product cooling and storage technologies need substantial upgrading. The lack of proper humidity management, inadequate sulfur dioxide treatment for table grape disease control during storage, and the lack of sprout inhibition treatments for onions and potatoes result in considerable post-harvest product losses. Packinghouse design and product flow logistics need considerable improvement to optimize product unloading, cleaning, sorting, grading, storage, and packing. Use of the value-added packaging required by EU markets is almost non-existent in Macedonia. Producers and marketers of Macedonian FF&V need to be exposed to current post-harvest practices associated with successful exports to the EU and other European markets. In addition, they need to meet potential buyers/importers to understand their product quality requirements.

The objective of this study tour was to expose Macedonian FF&V exporters to the practices, techniques, and technologies that their counterparts in Holland are utilizing to identify potential buyers in Holland and to update participants’ knowledge and understanding of advanced post-harvest handling and marketing of fresh produce according to EU standards.

OUTCOME/FOLLOW-UP: This activity enhanced participant understanding of the latest trends and know-how in FF&V post-harvest handling techniques, including production in greenhouses, harvesting, cooling, storing, grading, and packing to meet EU market demands. It was extremely useful to see advanced energy efficacy systems for heating, cooling, and accumulations of energy. Participants had the unique opportunity to be exposed to operations in two agro stock markets, one in a public private partnership and the owned by a producer organization. A visit to Rotterdam, one of the largest ports in the world where supplies of fruits and vegetables are received from all over the globe, allowed participants to get acquainted with the latest trends in logistic arrangement and shipping to keep the cold chain.



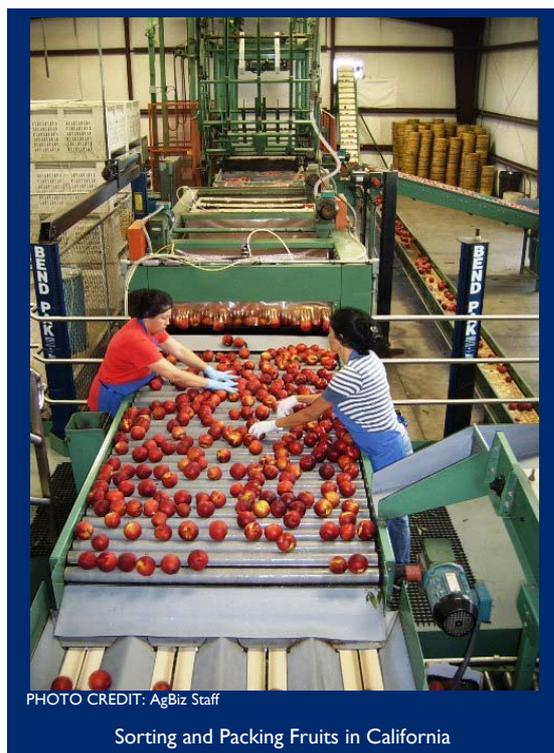
This activity helped five Macedonian FF&V growers and exporters to significantly enhance the competitiveness of their products that could be sold in existing and new EU markets. The information obtained from this activity has had positive impact on AgBiz customer’s development process. Transferring this knowledge into their operation will allow them to provide the quality of FF&V required for regional markets, and to meet the specifications of EU buyers. Participating FF&V growers and exporters accomplished a number of B2B meetings with potential buyers from Holland. They presented their offers and available product range throughout the year and discussed details in terms of the requirements to successfully supply the Dutch market with fresh fruit and vegetables. The information

obtained helped AgBiz customers to better understand the supply channel and necessary prerequisites for supplying the EU markets, but also to evaluate competitiveness and demand for Macedonian products. Also, as a result of the B2B meetings that were part of the Activity, AgBiz customers received new orders worth €300,000 from 11 buyers. For more details see *Results Report “Study Tour for Modern Post-harvest Handling Capacity Building in Holland”* included on the CD-ROM version of this report.

COST: Total Cost: \$24,615; AgBiz Cost Share: \$9,809, or 40%.

1.1.4.3 University of California Davis Post-Harvest Training

DESCRIPTION/OBJECTIVE: This “train the trainer” activity was designed to transfer knowledge to the AgBiz FF&V VC Coordinator and a selected professor—future trainers of Macedonia companies with intensive post-harvest operations. The Post-Harvest Technology Short Course is a two-week



intensive study of current technical procedures used for handling fruits, nuts, and vegetables in California. It is designed for professionals interested in current advances in post-harvest technology of horticultural crops. AgBiz developed this activity in consideration of the importance of the subject and the shortage of related know-how in Macedonia. The need for increasing the knowledge and understanding of new technologies and management approaches, the application of which would lead to more competitive FF&V products, was reiterated during roundtables conducted with FF&V VC participants.

The Californian FF&V industry is a world leader in the area of production and post-harvest handling technology application, and UC Davis is the most relevant training institution, as proven last year on the AgBiz Table Grapes Study Tour.

OUTCOME/FOLLOW-UP: The activity enhanced participant understanding of the latest trends and know-how in post-harvest technology of horticultural crops, and provided insight in the most advanced theoretical and practical techniques for post-harvest

handling of fresh produce including cooling, storing, grading, packing, and shipping in order to secure excellent conditions and longer shelf life and meet market demands.

The training was of particular interest to the AgBiz-supported participants and allowed the program’s FF&V Value Chain Manager and the supported professor to receive training in current technologies and best practices associated with post-harvest handling of fresh fruits, nuts, and vegetables and fresh produce quality, safety, and marketability. The two participants were trained to transfer this knowledge to all Macedonian FF&V VC participants. As a follow-up to this activity, information and materials received from UC Davis will be translated into guide books for selected crops, to be distributed to all FF&V VC participants. A report on this training will be developed, to be presented with the guide books at several workshops and on individual visits where applicable. For more details see *Activity Results Report “UC Davis Post-Harvest Training”* included on the CD-ROM version of this report.

COST: Total Cost: \$ 13,116, AgBiz Cost Share: \$13,116, or 100%.

1.1.5 Work Completed During the Quarter Summary

The most significant AgBiz activities to increase FF&V exports this quarter included the organization and facilitation of export promotion through a study tour and B2B meetings in Holland where participants were able to become acquainted with the latest trends and post-harvest handling operations; support to fresh apple customers to establish new market linkages and facilitated meetings with India buyers that

visited Macedonia; organization of an IPARD study tour in Croatia to help FF&V VC participants better understand opportunities to access finance from rural development pre-accession assistance; and an attendance by an AgBiz staff member and a relevant professor at the Post-harvest Technology Short Course at UC Davis. AgBiz also supported a pilot project on improving pre-harvest operations for table grapes that will continue during the next quarter.

During the quarter AgBiz facilitated the establishment of the Macedonian Agro Exporters Association (MAEA), a national association of FF&V exporters, with the aim to improve the overall productivity and enhance the export competitiveness of the FF&V VC. The AgBiz FF&V VC Coordinator held regular meetings with managers of all six projects finished during the previous quarter, followed up on further developments, and collected project impact results that showed considerable improvements in post-harvest facilities and operations (pre-cooling, enhanced existing cooling systems, and modern packing centers).

To be able to complete ongoing investments and new business expansion, some AgBiz customers applied and successfully accessed loans from the Agricultural Credit Development Fund (ACDF) with the help of the program. Several customers successfully developed IPARD applications. To enhance their export sales, and to more safely enter new markets where they do not have established relations with importers, AgBiz, in coordination with Macedonian Bank for Export Promotion (MBEP), encouraged customers to utilize export insurance.

Objectives for the next quarter are to continue assistance to improve knowledge in post-harvest handling, including workshops for transferring the knowledge received at UC Davis post-harvest training; export promotion activities through a study tour to wholesale markets and B2B meetings with potential buyers in Croatia and Slovenia; a buying mission in Macedonia organized jointly with SIPPO; ongoing help to access finance (especially IPARD); and increasing IPARD capacity through a study tour for representatives from Macedonian banks to learn from Bulgarian experience on specific financial products used to support accessing Special Accession Program for Agriculture and Rural Development (SAPARD) funds. The improving pre-harvest operations for table grapes pilot project will continue in the next quarter. AgBiz will closely monitor the six grants and record further impacts from project implementation.

I.2 PROCESSED VEGETABLES VALUE CHAIN – COORDINATED BY THE MACEDONIAN ASSOCIATION OF PROCESSORS

Value Chain Overview

The Processed Vegetables (PV) VC plays an important role in Macedonian agribusiness. The VC is very export-oriented, has continuously improved its performance in terms of increases in production and value of exports over the last decade and is very labor-intensive. The VC consists of around 55 companies; most participants produce final products packed glass jars, but some have used tins or plastic containers, a few have drying and/or freezing facilities, and the remainder have combined processing lines. The vast majority of participants are micro or small enterprises. The industry decreased the quantity of vegetables purchased in 2009 from that of 2008 by 10%, or 61,000 tons. According to preliminary information, this trend is due to reduced orders for frozen products by foreign buyers; canning companies purchased almost the same quantities of raw materials in 2009 as in 2008. Red peppers are the most important raw material for the industry, representing nearly 50% of these purchases.

Between 2003 and 2008, the industry had a continuous increase in production, mainly due to increased demand for Macedonian processed goods by foreign buyers and domestic market growth resulting from strong penetration of the retail chains and changes in the lifestyles. In 2009, the impact of the economic crisis was significant, and resulted in less than planned production of final products. Overall exports in 2009 increased over those in 2008 by 0.5% in volume and by 3% in value.

The Macedonian processing industry has a strong export orientation, and its processed products currently enjoy a positive reputation among food importers from the region and the EU. The very favorable trading regime between Macedonia and the EU, and further liberalization, especially as a result of the

Central European Free Trade Agreement (CEFTA), should further enhance the industry's competitive position. EU and neighboring markets are the main export destinations for the processed products.

Exports to the EU market in 2009 contributed 41.5% (48% in 2008) in volume and 46% (compared to 52% in 2008) in value, while the Serbian market was the second biggest destination accounting for 21% of volume and 18% (23% in 2008) of value. Exports to other regional markets (Croatia, Kosovo, Bosnia and Herzegovina, and Montenegro) significantly increased in 2009. Overseas markets [particularly Australia and USA] are very important export destinations due to the large communities of immigrants from Macedonia and other Balkan countries living there.

The PV VC is highly dependent on domestic production for its raw materials. High import tariffs and complicated procedures for importing fresh produce for processing requires that industry rely almost exclusively on arrangements with private farmers, enterprises, and cooperatives involved in primary production and intermediaries such as traders that supply the industry. Contract farming is insufficiently utilized as an efficient mechanism to organize the production and supply of raw materials for the industry. Also, raw material prices vary significantly, depending on the demand for fresh produce in the region and fluctuations in production. This causes a serious impediment to the industry reaching its full potential to complete larger export contracts. The lack of cooling and storing facilities within the industry also prevents better organization, planning, and implementation of marketing plans. In 2009, primary producers directly supplied the industry with 33.5% of the raw materials while 49% was supplied by traders and consolidators. The remaining raw materials were provided by agricultural cooperatives and agricultural enterprises.

The processed vegetable processing industry is represented by the Macedonian Association of Processors (MAP), a trade association established in March 2002. The association has no political character, is a not-for-profit organization, and currently has 28 full-time members. The objectives of MAP are to further develop the fruit and vegetable processing industry, and to contribute to economic growth and increased employment in the Republic of Macedonia. Non-MAP members are regularly contacted by MAP representatives who encourage them to join the association to increase their lobbying capacities.

1.2.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reposts the results achieved for each PV Activity versus the objective for that Activity as established in the last Quarterly Report. Reports on completed Activities are presented in section 1.2.4 below.

Activity	Expected Result	Result Achieved
Study Tour and B2B in Canada	Travel to Canada to complete the study tour	Completed, see Section 1.2.4.1.
Study Tour and B2B Promotional Event in the Czech Republic	3-month Follow-up Report	Completed, see Section 1.2.4.2.
Promotional Event in Denmark or Poland with a Focus on PV and Bottled Wine	AC and AD developed and approved	Activity changed due to the non-availability of the host. Will be accomplished jointly with the activity below.
Study Tour for MAP Management Board to a Well-Developed EU Association	AC and AD developed and approved	Preliminary planning completed, activity will be accomplished jointly with the above activity.
ANUGA 2009 Trade Fair 6-Month Follow-up	6-month Follow-up Report on Anuga results and new export deals	Completed, see Section 1.2.4.3.
Establishing Model Production Contract between PV Processors and Primary Producers	Model contracts and industry standards developed and approved by the PV VC	Completed, see Section 1.2.4.4.
Survey on the Performance of the PV Industry in 2009	Completion of the survey and presentation of the final report	Completed, see Section 1.2.4.5.

1.2.2 Detailed Accomplishments vs. Projected Objectives – Projects

The matrix below reports on progress made toward the achievement of project objectives.

Project	Objective	Result Achieved during the Quarter
DENTINA	Production capacity expansion and export marketing and sales support	On-site visit, quarterly report collected, intra-regional export sales of 15.5M MKD reported
BONUM	Export market entry and International Organization for Standardization (ISO) compliance	On-site visit, quarterly report collected, intra-regional export sales of 12.3M MKD reported
LARS	Improved and increased productivity and capacity of drying	On-site visit, quarterly report collected, international export sales of 2.5M MKD reported
VIPRO	Construction of a new vegetable processing facility	On-site visit, quarterly report collected, international export sales of 11M MKD reported, IPARD application approved
AVTORIA	Establishment and operation of a new processing system for onions	The company changed its name to “Tembeko Plus,” reported international export sales of 1M MKD

1.2.3 Activities Initiated this Quarter

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Develop an integrated strategy for the accelerated development of the VC	Support PV VC members to develop and begin implementation of a feasible strategy to secure the continuous development and growth of the VC	AC and AD prepared and approved; bidding process completed and local vendor selected

1.2.4 Competitiveness Enhancement Activities Completed during the Quarter

1.2.4.1 Study Tour and B2B Meetings in Canada

DESCRIPTION/OBJECTIVES: Canada’s openness to imports, high per capita gross domestic product (GDP), and impressive record of economic growth make it a very appealing market for international exporters. According to World Trade Organization (WTO) trade data, from 2004 to 2008 Canada ranked as the fifth-largest importing country in the world. As a developed economy, but with a population approximately one-tenth that of the United States, the Canadian market is a more manageable size for new exporters trying to break into the North American market. For example, orders tend to be smaller and there are fewer and more concentrated submarkets to pursue. According to Food and Agriculture Organization (FAO) statistics, Canada was among the top 10 importers of processed vegetables in 2007. Exports of Macedonian processed products to Canada are small but important; 180 tons of processed products with a value of €342,000 were exported in 2009. In 2008, the volume of the exported products was 119 tons and €65,000 in value, while exports in 2006 were 230 tons with a value of €400,000. According to the opinion of PV VC members, there is a good possibility of establishing stronger business contacts with Canadian food importers and distributors, and this would result in increased exports of processed products to the Canadian market. The study tour was completed from May 14–20, 2010.

The objectives of the study tour were to:

- Increase participants’ knowledge of the Canadian market for processed vegetables;
- Meet with relevant potential buyers;
- Promote Macedonian processed vegetables products; and
- Explore new export possibilities.

OUTCOME/FOLLOW-UP: Representatives of seven processing companies (Altra, Bonum, Vipro, Tehnoalat, Lars, Trgoprodukt, and Best Food) visited several retail stores (both supermarkets and ethno shops) in Toronto and its surroundings. A detailed review of the relevant product ranges, prices, packaging, etc. was performed by the participants. Based on the research, they concluded the following:

1. Processed vegetable products were represented in all stores visited.
2. Pepper-based products such as roasted peppers, lutenica, ajvar, pepper spread, and other similar products were present that originated from areas such as Macedonia, Turkey, Bulgaria, Serbia, Hungary, and Italy. In ethnic shops, Macedonian products enjoy a good reputation, and according to store managers, are well-accepted and preferred by consumers. Of all Balkan processors, the Vipro brand is the most appreciated and recognized by consumers and is represented in almost every ethnic store. Products of DiEm, Dim komerc, Jomi food, and Trgoproduct were also present in the market. Retail chains such as Lablaws, Longo's, and Metro have a limited product range and mainly include roasted peppers (Turkey, Greece, Italy) and industrial ajvar (from a Slovenian exporter, but produced in Macedonia according to the representatives). Other products such as red beet, canned gherkins, and sliced cabbage are locally produced (Bick's is the preferred local brand) or imported from various countries.
3. Retail prices of industrial ajvar (720-ml. glass jars) and lutenica (375-, 580-, and 720-ml. glass jars) are considerably higher than retail prices of the same products in Macedonian and surrounding markets.
4. Direct price comparisons of similar products found in the shops indicated that Macedonian products are frequently priced lower than competing products and brands.
5. The type of packaging and labeling is very stylish and appealing, and products aiming to penetrate the market would require additional packaging/labeling efforts specific to the Canadian market (bilingual and nutritional facts information).
6. Retail chains dominate the Canadian market; ethnic stores are also important for food distribution, although their importance in the overall food trade is relatively small. Larger retail chains demand large quantities and firm contracts, which not all Macedonian processors could currently meet (due to lack of working capital to finance increased production, potential shortages of raw materials, etc.), and they mainly cooperate with food brokers.



PHOTO CREDIT: AgBiz STAFF

Toronto, Canada – Tasting Macedonian fruit and vegetable specialties.

Participating companies presented their products, capacities, and intentions for cooperation during the promotional event that took place at the Summer Fresh Salads premises on May 17. The company is located in Woodbridge, Ontario (near Toronto), and is a family-owned business. It is the largest salad company in Canada with considerable exports to the USA, and has 330 employees. The event was organized in cooperation with the

General Consulate of the Republic of Macedonia in Toronto. Introductions and welcoming remarks were made by the Macedonian Ambassador Martin Trenevski and the AgBiz PV Coordinator, and were followed by individual presentations by the Macedonian companies. Product tastings were also organized at which Macedonian representatives explained their products, how they are consumed, the raw materials involved, and the technology used in processing. Afterwards, a buffet lunch was served to attendees where invited guests and the Macedonian companies had the opportunity to introduce themselves and discuss business. There were around 15 participants at the promotional event including food importers, food brokers, and distributors.

The Macedonia participants later met with Mr. Zvonko Cvetkovic, food importer and owner of the Food Boutique Store located in Oakville, Ontario. Mr. Cvetkovic was interested in importing large quantities of processed vegetables and distributing the products to other stores. Macedonian representatives were seriously interested in entering into a cooperation and agreed to meet in August in Macedonia. An additional meeting was held with Ambassador Trenevski, and samples of the products and promotional materials were delivered to him for further circulation. Although the Ambassador will soon leave his

current position, information about the participating companies will remain available at the consulate in Toronto.

Companies that participated in the study tour concluded that there is a significant opportunity for increased exports to Canada of Macedonian process products. Apart from traditional canned vegetables, there is a possibility for exports of frozen red peppers, berries, and other products. However, working with supermarket chains will require a completely new approach and development of a sound marketing strategy that includes identification of reliable food brokers and development of new partnership arrangements. The value of new orders received from customers as a direct result of the Study Tour amounted to \$183,000. For more details see *Activity Results Report "Canada Study Tour for PV VC Members"* included on the CD-ROM version of this report.

COST: Total Cost: \$23,655; AgBiz Share: \$7,955 or 34%.

1.2.4.2 Study Tour and B2B Promotional Event in the Czech Republic Three-Month Follow-Up

DESCRIPTION/OBJECTIVE: The Czech Republic study tour enabled processing companies to understand the Czech market more clearly and to widen their perspectives regarding new export possibilities. This was particularly important due to the fact that the average utilization of the domestic capacities is around 50%, thus leaving additional opportunities for increased production and exports. Ten PV VC members participated in the Czech Republic study tour. The overall objectives of the study tour were to:

- Increase participants knowledge of the Czech market for processed vegetables;
- Meet with relevant potential buyers;
- Promote Macedonian processed vegetables products; and
- Explore new export possibilities.

OUTCOME/FOLLOW-UP: The six-month evaluation was completed on May 10. On the basis of discussions with each participating company, the following results have been obtained:

- In April 2010, the Macedonian Embassy in Prague contacted participating companies and asked them to send export price lists and product samples; and
- Several companies (Dentina, Agrokomerc 92, Altra, Tehnoalat, and Kim) sent the requested materials and are expecting further feedback.

For more details see *Activity Three-month Follow-up Report "Study Tour and B2B Promotional Event in the Czech Republic"* included on the CD-ROM version of this report.

1.2.4.3 ANUGA 2009 Trade Fair Six-month Follow-up

DESCRIPTION/OBJECTIVE: Participating companies exhibited their products in a Macedonian national stand at ANUGA 2009 in Cologne, Germany, on October 10–14, 2009. Eleven companies exhibited in the fine foods section, and two presented themselves in the frozen foods section of the fair. Exhibiting in the high-quality, custom-designed national stand enabled the companies to establish and strengthen business contacts, and improve their prospects for increased exports of Macedonian processed products. The overall objective of the activity was to:

- Increase participants' ability to identify new buyers such as importers, wholesalers, retailers, distributors,, and/or logistics agents;
- Enhance participants understanding of the latest trends and know-how in the vegetable processing industry, including export/import trends, and packaging and food safety standards requirements; and
- Identify opportunities to develop effective sales strategies for the large and competitive EU markets.

OUTCOME/FOLLOW UP: This third and final evaluation was completed at the end of April. On the basis of discussions with each company, the following results have been obtained for the reporting period: Vipro completed a contract for exports to the United Kingdom (UK) worth \$27,000; and Altra completed one contract for exporting frozen onions and peppers to Poland with a value of \$52,000. In total, additional sales of \$77,000 was generated during the reporting period for a total reported sale attributable to ANUGA of €1,686,925, or \$2,193,002.

For more details see *Activity Six-month Follow-up Report "ANUGA 2009 Trade Fair"* included on the CD-ROM version of this report.

1.2.4.4 Establishing Model Production Contract between PV Processors and Primary Producers

DESCRIPTION/OBJECTIVES: Establishing backward linkages between PV VC processors and primary producers is an issue that needs further development. Cooperation is still insufficient, resulting in frequent shortages of the raw materials needed by the processing industry, overproduction of other vegetables, and subsequent reductions in their prices.

Based on the interest and requests of Macedonian processed vegetables companies, AgBiz supported a workshop "Improving Backward Linkages of Processed Vegetables VC Participants" in January 2010. The main organizer of the event was MAP backed by MAFWE. The workshop took place in Skopje and was well-received. Around 35 participants attended the event, including processors of fruit and vegetables; representatives of MAFWE, Federation of Macedonian Farmers (FFRM), and farmers associations; and individual producers. All participants evaluated the event as very effective in the establishment of a dialogue among value chain participants.

Workshop participants agreed that under the new Law on Agriculture and Rural Development, contract farming would be a preferred option for both buyers and sellers. Since MAFWE had not developed a sample production contract, there was an opportunity for AgBiz (and/or other supporters) to provide support to MAP to develop model production contracts and product specifications/standards for consideration by all stakeholders. It was agreed that MAP would review existing standards for the key vegetable products such as peppers, industrial tomatoes, cabbage, and beet root that are needed by the processors. MAFWE announced that they would initiate a working group responsible for preparing new or upgraded standards, but their work would only focus on standards for fresh products, not for the industrial purposes.

This activity supported the PV VC to develop model production contracts consistent with new legislation that can be widely used by PV VC participants and their raw material suppliers. MAFWE also participated in the implementation of the activity. The objectives of the activity were to:

- Introduce contract farming as a means of organizing the production and buy-out of raw materials needed by processed vegetables companies;
- Improve the dialogue between vegetable producers and processors, and involve MAFWE as a regulator participant in buyer with seller cooperation and linkages; and
- Strengthen and increase the competitiveness of the PV VC.

Successful completion of this activity would lead to a more competitive PV VC since market requirements will be more effectively and efficiently communicated back through the entire value chain. Processors will have a more reliable supply of raw materials, and producers will have more reliable markets.

OUTCOME/FOLLOW-UP: Developing model contracts is an unavoidable part of the contract farming process. The model should comply with the new Law on Agriculture and Rural Development but should be also acceptable to processors and producers. Therefore, a MAP Working Group and the local short-term consultant (STC) developed sample contract and product specifications/ standards that incorporated the expectations of producers and processors and would be legally acceptable to governmental authorities. Draft versions of the contract and product specifications/standards were

presented at a workshop that took place in Prilep on March 29. Minor comments from MAFWE and PV VC members were incorporated in the final documents. FFRM did not send any official remarks.

PV VC stakeholders agreed that under the new circumstances, contract farming would be a preferred option for both parties. Understanding the importance of contract farming and a regular supply of raw materials to the processing industry, and taking into consideration new legal requirements, MAFWE decided to continue supporting the producers-with-processors dialogue. The role of MAFWE is as a “process facilitator.” After the workshop in Prilep, MAFWE announced they would initiate another series of processor-with-producers meetings in the Kocani, Strumica, and Prilep regions to further support the cooperation process.

Contract farming based on criteria elaborated in the contract and product standards should enable PV VC members to plan their production season and exports more efficiently. A stable supply of raw materials, with defined quality and quantity, will contribute to increased productivity and capacity utilization. Subsidies for producers that contract with processors will provide an additional stimulus for increasing the competitiveness of the PV VC.

The final model contract (full and short versions) and industry standards documents were presented by the local short-term consultant at a MAP Assembly meeting in Shtip on April 23. All MAP members accepted the documents. They concluded that although the model contract was in line with the new legal requirements, there were law-related inconsistencies and misconceptions that could impede its utilization. As an industry standard document, the assembly concluded that it was done very professionally and encompassed more agricultural products than originally planned. The assembly directed the MAP Managing Board to continue to work on the document and make appropriate adjustments and fine-tuning as needed.

MAFWE organized two out of the three envisaged processor-with-producer workshops in April. The first workshop took place in Kochani on April 16 and the second in Bosilovo, Strumica, on April 27. Prior to the second workshop, PV VC members requested a meeting with MAFWE Deputy Minister Perica Ivanovski. At the meeting, industry representatives elaborated certain law-related issues that could impede implementation of the contract farming concept and negatively affect further development of the VC. In particular, the processing companies expressed their concerns related to articles 30, 31, and 32. They also commented that the law was quite rigid regarding sanctions and fines against the processors, while in case of producers, the sanctions were either minimal or not included. The companies briefed MAFWE representatives on the model contract, to be utilized by MAP members in part and/or in its entirety, or that particular parts of the model contract will be incorporated into the contracts individual companies use. For more details see *Activity Results Report “Establishing Model Production Contract between PV Processors and Primary Producers”* included on the CD-ROM version of this report.

COST: Total Cost: \$2,785; AgBiz Share: \$895, or 32%.

1.2.4.5 Survey on the Performance of the PV Industry in 2009

DESCRIPTION/OBJECTIVES: In 2009, AgBiz supported MAP to complete a survey on industry performance for the 2008 season. The survey provided details related to the number of processing companies, size, number of full-time and seasonal employees, quantities of raw materials purchased by the industry, export volumes and values, etc. The document was later used as background material for preparation of various concept papers, and lobbying activities.

Understanding the importance and relevance of the information, AgBiz was willing to support MAP to professionally organize and conduct a survey on processing industry performance for 2009 so the processing companies will have a reliable tool for initial planning of 2010 production season, exports, contracts with the raw material suppliers, etc. Successful completion of this activity should lead to a more competitive PV VC since market requirements will be more effectively and efficiently communicated back through the entire value chain. Processors will have a useful tool for planning and organizing their supply of raw materials and producers will have more reliable partners for cooperation.

The overall objective of the “Survey on the Performances of the Macedonian Processing Industry 2009” activity was to provide detailed and updated information on the performance of the industry, and to present the exporting figures of the industry for 2009. More specifically, this activity is designed to:

- Research and analyze the production figures and export performance of the fruit and vegetables processing industry;
- Compile and analyze information related to the number of full-time employees and seasonal labor engaged by the industry;
- Analyze the quantities of the raw materials acquired by the industry and plans for 2010 season;
- Address the issues related to the potential impact of the economic crisis on the domestic industry; and
- Analyze the findings and develop conclusions into a comprehensive report.

OUTCOME/FOLLOW-UP: This activity was completed on June 11. The main conclusions of the survey were:

- The fruit and vegetable processing industry has made continuous improvements over period 2003–2008 period, but it faced decreased production in 2009;
- The industry faced severe effects from the global economic crisis—including delays in payments, slow down in delivery of products, and reduced output;
- The industry is defined as very seasonal and export-oriented, and its products enjoy a good reputation in regional and international markets;
- The industry consists of 49 active processing capacities, predominantly canning and combined processing enterprises;
- The majority of facilities are located near to the main production regions;
- Processing of vegetables is dominant business activity, covering around 91% of total production;
- Processing output in 2009 was 45.9 thousand tons, or -15% in comparison to 2008;
- EU and Serbia are the main export destinations for the Macedonian processed F&V;
- Regional markets are the most important export destinations, contributing 52.3% in volume and 46% in value of exports;
- Export of processed products increased in 2009 and reached 33.5 thousand tons and €39.8 million;
- The majority of the processing companies are small; there are no large F&V processing enterprises;
- The industry employs 1,205 full time employees and 3,493 seasonal employees;
- Most seasonal workers are from rural areas, and are skilled in handling agricultural products;
- Industry capacity utilization declined to 38% in 2009, compared to 45% in 2008;
- Access to capital and shortages of raw materials are the two biggest impediments to further growth of the industry; and
- Developing a strategy for improved performances of the industry is necessary to address shortcomings and propose a set of measures that will secure constant future growth of the processing industry.

Once approved, the report was circulated to all PV VC members and institutions such as MAFWE, Ministry of Economy (MoE), FFRM, etc. For more details see *Activity Results Report “Survey on the Performance of the Processing Industry in 2009”* included on the CD-ROM version of this report.

COST: Total Cost: \$4,758; AgBiz Share: \$2,265, or 48%.

I.2.5 Work Completed during the Quarter Summary

During the quarter there was almost no production of processed products by PV VC customers. The companies were primarily involved in preparatory activities for the 2010 season. The 2009 processing season was evaluated by participants as positive, although the impact of the economic crisis was significant and resulted in lower-than-expected production of final products. The global economic crisis negatively impacted processing companies' sales projections, and extended receivables collections reduced the working capital they had available to buy fresh vegetables. Significantly reduced orders from foreign buyers for frozen products were experienced (-20% in volume as compared to the previous season), while the market for canned products remained stable. During the quarter, the Payment Agency revealed the results of the first IPARD call. Several PV VC members received positive responses, i.e., their investments were approved for co-financing, while other applicants were rejected. It was also announced that the second call for IPARD applications will be launched in September 2010. The majority of the processors decided to wait for the second call. The limited availability of seasonal labor will remain an ongoing problem during the next processing season, so MAP members actively participated in the survey that was conducted by the Union of Employers, supported by AgBiz. Direct lobbying and contacts with the Ministry of Labor and Social Affairs before the start of the new season were not foreseen. The new Law on Agriculture and Rural Development was enforced during the quarter, although accompanying rulebooks were not finalized.

During the quarter, PV VC members intensified their lobbying activities. The VC Coordinator (VCC) disseminated the new Law on Agriculture and Rural Development to VC members. MAP board members identified several inconsistencies which were presented to the MAFWE Deputy Minister. They also provided serious remarks about parts of the draft rulebooks that seemed to be non-applicable. These remarks were directly elaborated at a meeting that took place at MAFWE on June 17. The final versions of the rulebooks were not finalized during the quarter.

In the area of export promotion activities, the Agency for Promotion of Foreign Investments (MakInvest) took over responsibility and budget from the MoE, although their strategy and Annual Work Plan will not be completed before 2011.

In April, Agro Halaz from Gevgelija, a new processing company that started production in 2009, became interested in MAP membership, and AgBiz activities were discussed and elaborated with them. They completed their enrollment procedure the first week of June and became a new MAP member.

During the quarter, the VCC supported organization of two MAP assembly meetings in Shtip (April 23) and Gevgelija (June 11). He also participated on the IPARD monitoring committee meeting on May 28 and coordinated the FFRM Workshop in Prilep related to the model production contract activity.

During this quarter, AgBiz work on the VC was focused on completion of the three-month evaluation of the study tour and B2B promotional event in the Czech Republic, the six-month evaluation of the ANUGA 2009 activity, the Canada Study Tour, the processing industry survey 2009, and establishment of a model production contract between PV VC members and primary producers. Initial contacts related to the promotional event in Denmark and visit to a well-developed association from the EU were also undertaken. Discussions took place with MAP board members regarding the possible substitution of the Denmark activity with participation of PV VC members in the Polagra food fair in Poland.

The most significant AgBiz work during the next quarter will be the three-month evaluation of the Canada study tour, a six-month follow up of the Czech Republic study tour, and development of an integrated strategy for the accelerated development of the VC. Further support will be provided to VC members in their efforts to modernize their production facilities utilizing IPARD funds and increased cross-cutting activities with other VCs. Participation of PV VC members on the Polagra food fair in Poland will be developed and completed during the next quarter.

1.3 WINE VALUE CHAIN – GORAN DAMOVSKI, VALUE CHAIN COORDINATOR

Value Chain Overview

The wine VC remains one of the largest agribusiness sub-sectors in Macedonia, and one of the most export-oriented. The VC is represented by 87 officially registered wineries most of which (90%) have a capacity of up to 50,000 hl, five have a capacity between 51,000 and 150,000 hl, and three have a capacity of between 150,000 and 500,000 hl. Approximately 60% of the capacity is utilized for the production of red wines, whereas 40% is used for white wines, partially due to the fact that some white wine is used for the production of rakija. According to State Statistical Office data, in 2009 Macedonian wine exports were worth \$52 million, of which only 31% was sold as bottled wine, while 69% was sold as bulk. The average price of bottled wine was \$2.05 per liter, while the average price of bulk wine was \$0.62 per liter. Nevertheless, only 25 or so wineries are export-oriented or have reasonable export potential. These wineries are using modern equipment and have adopted new practices to produce high quality wines. In the last several years, there have been significant improvements in the quality and consistency of wine, enabling a continuous but slow shift from bulk to bottled wine exports. Serbia continues to be the most popular export destination for bottled wine, accounting for more than 60% of bottled wine export volume, whereas Germany absorbs at least 50% of total bulk exports and represents almost 90% of total wine exports from Macedonia to EU countries.

During the quarter, the Macedonian wine sector continued to struggle to secure current markets and identify new market entry opportunities to expand export sales. As expected, export sales remained on a downward trend in the first quarter of 2010, due to the negative effects of the global economic slowdown on the wine industry. International importers continued to limit their orders, having conservative projections and concerns that the effects of the global economic crisis would remain in the next period. Some wineries reported a more than 30% decrease in exports from the same quarter last year. A core group of seven export-oriented wineries formed the Wines of Macedonia trade association with the main objective of improving the overall viticulture and wine industry in Macedonia, enhancing the recognition of Macedonian wines in regional and international markets, and through joint marketing efforts, improving wine exports with an emphasis on bottled wine. However, there is still not a well-organized approach to industry development and minimal horizontal coordination. Adoption of the new Wine Law has not been followed with the expected supporting bylaws. Public-private dialogue is becoming preoccupied with projections of the need for, and ability of, wineries to purchase wine grapes during the forthcoming season.

1.3.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports the results achieved for each Activity versus the objective for that Activity as established in the last Quarterly Report. Reports on completed Activities are presented in Section 1.3.4 below.

Activity	Expected Result	Result Achieved
Platform for Developing a National Sector Export Marketing Plan for Wine	National sector export marketing plan developed	Finalized third workshop (fourth and final scheduled for September)
Moscow Wine Trade Fair Follow-up	6-month follow-up report completed	Completed, see Section 1.3.4.2
ProWein Wine 2010 Trade Fair Follow-up	3-month follow-up report completed	Completed, see Section 1.3.4.3

1.3.2 Detailed Accomplishments vs. Projected Objectives – Projects

The matrix below reports on progress made toward the achievement of project objectives.

Project	Objective	Result Achieved during the Quarter
VALANDOVO	Shift from bulk to bottled wine sales; increase the quality of the grapes produced; successfully adopt new technology for the production of quality wines; enlarge the capacity of the	During the quarter, Valandovo continued to focus on increasing sales of bottled wine under its own brand. Although the global economic slowdown significantly affected regional wine markets, the winery, marketing through the mother company particularly in Croatia, but also in BiH and Serbia, managed to maintain export sales levels. The winery also signed a contract with a well-established distributor in Macedonia

Project	Objective	Result Achieved during the Quarter
	winery, including production of barrique wines; enhance the image of Valandovo wines, opening new export market possibilities and increasing total sales; establish new vineyards with high quality varieties; and facilitate new direct and indirect employment.	to start distribution of Valandovo wines on the domestic market. They adopted improved practices in primary production, and new equipment allowed them to upgrade and fully control the condition of the vineyards and to expect a bountiful harvest season. Unfortunately, due to lost liquidity to cover the costs and low technical capacity, the local governmental water enterprise was not in a position to provide a continuous water supply to the whole Valandovo area. This has resulted in 500 ha of Valandovo wine grapes and others in the area to start drying. For an immediate solution, Valandovo has already dug 15 water wells, and is in the process of digging three additional ones so they can secure a water supply for the vineyards. Nevertheless, it is expected that this problem will jeopardize previous efforts to full quality control and improve raw materials, decrease the yields, and negatively affect the quality of grapes and vitality of the vineyards.
BOVIN	Enhance the production of oak barrel-aged (barrique) wines with technology that will enable the introduction of a new type of wine with a higher value, quality, and price. Create the pre-conditions, including a modern tasting room, for developing wine tourism as an additional sales channel.	Slowly, the new product portfolio is taking its place on the domestic market, as well as enhancing new export opportunities. During this period, many tourists have visited Bovin and tasted their wines, confirming that the new barrique wines are among of the best in Bovin's portfolio. As expected, the global economic slowdown, especially financial instability in the region, negatively affected Bovin's sales. During the quarter, the company managed to accomplish €150,000 in wine sales on the domestic market, and export sales of €50,000 to the region and €62,000 to the international market.
AGROLOZAR/DALVINA	Enable full integration of the Agrolozar/Dalvina supply chain by securing backward and forward linkages, thus optimizing export competitiveness and enhancing business growth and sustainability. Add value to Agrolozar's grapes and successfully switch production and sales from bulk to high and consistent quality bottled wine. Considerably increase company bottled wine sales and exports in 2009 and 2010.	By engaging G-Wein GmbH, a German wine merchant, Dalvina investigated German market opportunities and established contacts with key potential buyers, including big supermarket chains. During the quarter, Dalvina continued negotiations with Kaufland in Germany. A strategic partner from Poland sent banderoles to be stuck on the bottles as excise goods for the agreed initial shipment of 16,000 bottles. Dalvina continued to develop a sales network for the domestic market by entering and strengthening its position in the biggest supermarket chains and entering hotels and restaurant wine lists. After the initial shipment of one container to an importer in China, a new order of another container with 15,000 bottles was placed. Several distributors that accepted Dalvina's wines expressed interest in visiting the company. As a result of the economic slowdown and consumers shifting down-market, Dalvina launched a new line of quality wines that included R'kaciteli (white) and semi-dry Vranec under the brand name Amfora, and a new 1-liter bottle with a screw cap finish and a target shelf price of €3. They also introduced small 0.187-liter bottles of the full product range. Dalvina prepared a marketing campaign and a TV commercial to enhance recognition and boost sales on the domestic market.
POPOVA KULA	Increase export sales from current €120,000 to €700,000 per year over the next three years; to significantly expand exports of bottled wine to the Polish market and make it a key growth driver for the company; and to support Polish market sales by achieving a superior mix of product offering, marketing support, and promotional tools.	During the quarter, Popova Kula's focus was on stabilizing sales and increasing the number of labels and outlets in which Popova Kula wines are present. Brochures and promotions with in-store leaflets, as well as the display stands developed as part of the project with AgBiz, received very positive feedback from Polish customers and had a significant impact on positioning in supermarket chains and on raising consumer awareness of Popova Kula wines. Although wine sales in Poland are decreasing, sales in this period remained at the same level as in the previous quarter. A new €10,000 order from the Polish branch was received that accounted for 25% of total export sales to international markets. Standard product packaging of 0.75-liters bottles for the Polish market was expanded with bag-in-box and 0.187-liters bottles to make a substantial entry into the HoReCa channel. During the quarter, Popova Kula exported bottled wine valued at €15,000 to regional markets and €15,000 to the domestic market.

1.3.3 Activities Initiated this Quarter

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Wine Roadshow Presentations in Poland and The Netherlands	This activity's first stage would include wine roadshow presentations of wineries with wine tastings and B2B meetings with potential buyers, wine journalists, and other wine professionals in Warsaw, Poland and The Hague, The Netherlands. In the second stage, it is foreseen that selected buyers and journalists would be organized into an inbound buying mission to Macedonia.	AC approved, event organizing contractors in Poland and Netherlands identified, AD drafted
Support "Wines of Macedonia" to Obtain Access to Euromonitor's	This activity includes purchasing Euromonitor's Passport Package to provide detailed and up-to-date information on regional and European wine markets that will enhance successful wine export development.	AC approved, AD developed and reviewed by Senior Technical Advisor/Manager (STA/M)

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Passport Package		
International Organization of Vine and Wine (OIV) Wine Marketing Program at UC Davis	Support wineries to participate in the OIV Marketing Training Program at UC Davis to provide advanced marketing training to export-oriented Macedonian wineries.	AC and AD approved, activity canceled due to unexpectedly rescheduled visit of important importers to participating wineries

1.3.4 Competitiveness Enhancement Activities Completed during the Quarter

1.3.4.1 AgBiz/CBI Platform for Developing a National Sector Export Marketing Plan

DESCRIPTION/OBJECTIVE: Individual wineries' efforts to market their wine outside Macedonia are obstructed by very limited recognition of Macedonian wines by international buyers and consumers. A national marketing program and origin promotion is an extremely expensive undertaking for an individual winery, so any serious plan for developing and implementing a medium- to long-term national origin promotion program requires a broad platform and a joint private sector with public sector effort. In their commitment for developing the export competitiveness of Macedonian wineries and enhancing sustainable export sales, AgBiz and the Dutch Centre for Promotion of Import from Developing Countries (CBI) identified the need to develop a National Sector Export Marketing Plan that would integrate private sector and Government of Macedonia (GoM) interests, based on EU wine market analysis and the identified competitive advantages of Macedonian wines.

In December 2009, CBI and AgBiz organized a kick-off meeting with all relevant stakeholders in the Macedonian wine sector. The goal of the meeting was to measure the need, relevancy, and commitment of the parties to enter into a process for developing a Wine Sector Export Marketing Plan (SEMP) focused on the EU market. All present stakeholders, including the Ministries of Agriculture and Economy, showed great interest and commitment for such an undertaking.

The objective of developing an SEMP is to define specific national export marketing efforts, the optimal positioning of Macedonian wines on selected regional and international markets, and promotional activities designed to create wider origin and wine quality recognition on the part of EU buyers and consumers. The process includes four highly interactive workshops during which all participants will provide their input. CBI is providing full facilitation and guidance, including relevant EU market data and expertise. AgBiz is playing a coordinating role and together with CBI encourages all participants to provide significant input and relevant domestic industry data. AgBiz is also communicating with relevant institutions that can contribute to the process.



PHOTO CREDIT: AGBIZ STAFF

Sector Export Marketing Plan Workshop

OUTCOME/FOLLOW-UP: The third workshop held on 15 and 16 June was very successful. For two days, 14 representatives from relevant stakeholders including export wineries, MAFWE, MoE, and the Union of Chambers of Commerce (CoC) worked on strengths, weaknesses, opportunities and threats (SWOT) confrontation (i.e., "matching" Macedonian sector strengths and weaknesses with the opportunities and threats of the selected five EU markets—Germany, Poland, UK, The Netherlands, and the Czech Republic. They drew conclusions on the sector's export readiness to these five markets, and tried to define the growth options. The group also worked to

identify gaps in export readiness to these markets and developed an actions list to formulate solutions to these gaps. Based on all previous analysis and export statistics, the group developed sector export objectives (qualitative and quantitative) and tried to establish targets. Teams were reconfirmed and

assignments were given to team leaders to continue completing the chapters in the SEMP outline document that is due July 15. It was also agreed that until August 30, teams would prepare presentations on how to successfully approach these markets and reach the targets over the next five years. The fourth SEMP workshop is scheduled for mid-September when the final SEMP document will be developed. The SEMP will allow the private sector as well as the GoM, ministries, and other institutions to jointly establish a clear set of actions for enhancing Macedonian bottled wine exports to the EU.

Meetings were also held with CBI experts, the Deputy Minister of MAFWE, and the Deputy Minister of Economy where the importance of developing the Wine SEMP as a process in which all stakeholders contribute was reemphasized. Both ministries appreciated the request by the Deputy Minister of MAFWE that AgBiz and the wineries repeat, if possible, the cycle for Balkan as well as Russian, Chinese, and US markets in order to complete a global strategy.

COST: Total Cost: \$16,737; AgBiz Share: \$2,737, or 12.6%.

1.3.4.2 Moscow Wine Trade Fair (Six-month Follow-up Report)

DESCRIPTION: During the current global financial crisis, wine buyers from all around the world are asking questions about the cost of wine-making and finished production, prices in the supply chain, optimization of logistics, the reliability of financial relations/ and the readiness and ability of all partners to observe agreed sales terms and conditions. This serious cost and price sensitivity has had a major influence on exports of even the best known wineries. It is therefore essential for the larger Macedonian wineries to be able to quickly identify new markets that can absorb their low and middle range of wines. The Russian market has been identified by several Macedonian export-focused wineries as one of the opportunities for successful market entry and achieving a large volume of export sales. Some wineries already established relations with buyers from Russia. Therefore, based on the strong interest expressed, AgBiz supported four large Macedonian wineries to exhibit at the ninth annual “Drinks Industry/Russian Wine Fair 2009” in Moscow from November 26-28, 2009.

OBJECTIVES:

The objectives of the wine fair were to:

- Present Macedonian wines and increase the awareness of the target audience;
- Gain better understanding of the wine market in Russia, including key competitors, sales channel structures, and the latest trends in the Russian wine business, and open new B2B communications;
- Identify the interest of buyers and pursue opportunities to find a distributor or agent who will represent an individual winery or a group of several/selected Macedonian wine brands and sell their wines;
- Identify opportunities to establish direct collaboration with supermarkets and offer products for their private label programs or house wine brands, and assess Macedonian wineries ability to respond to larger volumes;
- Attract local wine critics to become acquainted with Macedonian wines; and
- Identify and adopt product technologies and presentations most appropriate for the Russian market.

OUTCOME: The six-month follow-up evaluation was completed at the end of May. The four wineries that participated in the Moscow Wine Fair continued contacts and negotiations with potential importers and buyers they met at the fair. They also used the opportunity to communicate/cooperate with some of the relevant companies on the detailed contact list provided by the Macedonian-Russian Chamber of Commerce, including relevant and recommended Russian wine importers.

In the six months after the fair, Tikves winery made three additional visits and held meetings with various importers in Russia. They negotiated with Metro Cash & Carry supermarkets chain with more than 150 outlets in Russia, and after a process of tasting and approving samples, agreed to the terms and conditions for cooperation. They currently have a signed contract for supplying bottled wine in all three price

segments. This includes quality wine, special selection, and black label limited edition. The first shipment, worth €67,500, is expected to be delivered the next quarter.

Skovin's importer postponed their order due to the slowdown and complex market pre-arrangements needed for successful distribution and sales, but the winery continued negotiations with two new larger importers. The other two wineries, Imako and Dalvina, remained interested and continued to update themselves about the Russian market and wine events in Russia. Imako investigated opportunities for a stronger strategic partnership and possible joint investment for winemaking and bottling in Russia. Dalvina continued discussions with Alba and Vini Mir supermarkets and offered them a lower price bottled wine.

High import Russian duty decreases the ex-works price to almost the break-even level and obstructs the competitiveness of Macedonian wines. The high entry fees charged by Russian supermarkets and distribution networks, as well as relaxation of trade relations and reduction of barriers for Moldovan and Georgian wine as traditional wine suppliers, significantly discourage an export initiative for Macedonian wine sales in Russia. Therefore, for successful market entry, serious efforts in strengthening the institutional links to provide a better business environment and a free trade agreement between Russia and Macedonia are needed.

FOLLOW-UP: The wine industry will retain its interest in expanding export sales to Russia and will further encourage negotiations on bilateral agreements that could result in a free trade agreement between the two countries. AgBiz will take into consideration any future activity that would optimize the benefits from trade fair participation and help wineries better serve potential buyers/traders. For more details see *Activity Six-month Follow-up Report "Moscow Wine Trade Fair, 2010"* included on the CD-ROM version of this report.

COST: Total Cost: \$47,936 AgBiz Share: \$14,936, or 32%.

1.3.4.3 ProWein 2010 (Three-month Follow-up Report)

DESCRIPTION: ProWein, the most relevant wines and spirits trade show in the EU, brings producers from Germany, Europe and every wine-producing area of the world together with key buyers importers, wholesalers, and retailers, as well as participants from the gastronomy, hotel, and tourist trades. At ProWein, trade visitors from around the globe convene to sample established products, investigate novelties, discover new trends, re-new business relationships and agreements, and create new business.

Last year, four Macedonian wineries exhibited at ProWein 2009, supported by AgBiz and the MoE. They established contacts with a large number of potential buyers and during the next eight months converted the most serious ones into customers. Based on these results, this year a group of 11 wineries, expressed a serious interest and commitment to exhibit at ProWein 2010. Being very complementary with AgBiz objectives and in line with the role of AgBiz in the wine VC, CBI and AgBiz jointly with the MoE agreed to cooperate and support Macedonian wineries to exhibit and promote their wines at ProWein 2010.

OBJECTIVE:

The objective of this activity was to:

- Create new, sustainable EU sales;
- Enhance participants' understanding of how successful utilization of major trade fair participation can effectively develop new sales contracts;
- Refine participants' skills in B2B contacts;
- Evaluate a wide range of wines from low quality to top premium offerings and obtain very useful insights for developing effective strategies and positioning of Macedonian wines; and
- Stimulate companies to work together when developing sales strategies for large and competitive EU markets.

OUTCOME: The three-month follow-up captured the benefits and market development results of the 11 wineries that exhibited at the Macedonian National pavilion at ProWein 2010. Having a well-organized, very visible, and contemporary stand with joint presentation of a core group of leading export oriented wineries was obviously and significantly successful. All participating wineries reported that they maintained contacts, sent additional samples for tasting, and continued negotiations with number of EU wine buyers and distributors interested in selling Macedonian wines. Skovin continued extensive cooperation with its importer in Germany and managed to sell more than 1 million liters of bulk, and around 15,000 liters of bottled “Macedonian Red” wine in 1.5-liter packaging.

Wineries that have been exporting to Germany reconfirmed strategic partnerships and worked with their partners on future plans for wider market penetration. The Popova Kula importer for Holland and Germany that was present at the stand ordered an additional 2,500 bottles of premium wine for a new customer. Stobi, through their representative for Germany and Holland, exported 25,000 liters of their wines. Imako Vino received orders worth €31,850 for Germany and for a trial shipment to France valued at €3,500. Based on contacts at ProWein, Bovin exported premium wine valued €20,000 to the Czech Republic, €5,000 to Holland, and €10,000 to Germany. These orders once again confirmed the international character of the fair. Several participating wineries were visited by buyers that expressed serious interest in importing wines from Macedonia. Dalvina sent samples to Kaufland and after passing the wine tasting selection, managers from Kaufland visited Dalvina to discuss opportunities for supplying Kaufland supermarkets with Dalvina wines.

All participating wineries reported benefiting from and gaining insights at the fair related to competitors’ wines in different categories, price points, and wine styles. Based on the experience and many tastings done at the ProWein fair, Bovin invested in growing some new varieties such as Sangiovese, Tempranilo, and Petit Verdot that are rarely present on the Balkan Peninsula and can be very interesting for the Balkan market.

FOLLOW-UP: Germany is the leading country in bulk wine sales and among the first five Macedonian bottled wine importers, so participation at ProWein should be considered an ongoing activity. Individual wineries will have to continue to pursue key contacts established during the fair. They also need to maintain efforts to create the “Wines of Macedonia” umbrella brand recognition as a precondition for greater responsiveness and sustainable sales to international markets. For more details see *Activity Three-month Follow-up Report “ProWein 2010”* included on the CD-ROM version of this report.

COST: Total Cost: \$158,902; AgBiz Share: \$1,656, or 1%.

1.3.5 Work Completed During the Quarter Summary

During the quarter, AgBiz maintained its course in providing assistance to wine VC participants to enhance export competitiveness. The project supported wineries to conduct proper follow-up and optimize the results from exhibiting at ProWein, facilitated the process of developing the SEMP for Macedonian wines, worked on strengthening the public-private dialogue, and developed various concepts for further support of the VC.

After the official adoption of the Wine Law by the GoM, the MAFWE is expected to develop the bylaws that should regulate more precisely the terms and conditions in the viticulture and wine VC. AgBiz retained its focus on supporting the dialogue between wineries and the ministry.

Due to the negative impact of the global economic slowdown, sales results and export prices in the first two quarters of 2010 (particularly for bottled wine) are lower than the same period last year. The resulting surpluses of wine are expected to reduce demand for grapes during the forthcoming season. Therefore, AgBiz encouraged the MAFWE to organize coordination meetings with the largest wineries and discuss their projections for grape buyout. After the meetings and upon MAFWE’s request, AgBiz compiled wineries’ input into a proposed group of short- and medium-term measures for supporting immediate export sales, and strengthening the financial standing of the wineries so they can increase their need and ability to purchase larger quantities of grapes during the harvest season. The proposed measures included barter trade of wine for other commodities that are needed in Macedonia, distillation of certain quantities

of wine into alcohol for the stock reserves, and loan products particularly developed for wineries for buyout of grapes with no or very low interest and at least a one-year grace period. MAFWE confirmed that it would seriously consider all these measures and continue to dialogue with the private sector to help resolve the difficulties facing the viticulture and wine value chain.

AgBiz, jointly with CBI experts, coordinated the third SEMP workshop held on June. Five selected EU markets were analyzed through the prism of Macedonian sector strengths and weaknesses and the sector's export readiness for and growth options in these five EU markets. The final workshop is scheduled for September when the SEMP will be finalized and submitted to MAFWE for it to become an integrated part of the National Strategy for Wine and Viticulture.

Finalized grant projects with Bovin, Popova Kula, and Valandovo wineries were monitored and showed good achievements based on the previous project implementation support. Bovin maintained their sales growth of the new barrique wines, and Valandovo continued to improve their quality and exports to markets in Croatia, Bosnia and Herzegovina, and Serbia. Popova Kula continued to expand its market share in the Polish market. The Dalvina project is progressing as planned. Dalvina made a significant move forward in terms of sales on the domestic market, signed a strategic partnership with an importer of high quality bottled wines in Poland, arranged export sales to China, and is still negotiating to enter a few big supermarkets in Germany.

In this quarter, the Wines of Macedonia trade association became officially registered in the National Central Register. The management board and other bodies have been established and functional. AgBiz continued to encourage the association to start building its structure and profile, realize its adopted program including improvements in backward linkages with grape producers, and improve vertical linkages via the supply chain, as well as coordination with relevant GoM institutions. AgBiz is considering supporting the association to get access to relevant market information through purchasing Euromonitor's market information package called "Passport" for EU and Balkan markets.

CROSS-CUTTING

The following section describes the cross-cutting value chain competitiveness enhancement activities worked on by AgBiz during the quarter, organized by area of focus (AoF). These are activities designed to enhance the competitiveness of more than one AgBiz supported VC. This type of activity is an important FY '10 AoF for AgBiz.

I.4 POLICY AND INSTITUTIONAL REFORM

The first AgBiz cross-cutting AoF is Policy and Institutional Reform (PIR).

Involvement of the private sector and trade associations in AgBiz-supported value chains in developing assessments, recommendations, and policy papers and in proposing resolutions, actions, policy reform, and legislative actions is crucial to obtain positive results, beneficial reforms, and enhanced competitiveness. The constraints to successful PIR—due to a lack of private sector entities with an interest in and capacity to advocate for PI—are slowly being overcome. In addition to MAP, newly registered trade associations such as Shumski Plod and Wines of Macedonia are taking an active and participatory approach to address policy and institutional reform issues that hinder their export competitiveness. Additionally the Macedonian Association of FF&V Exporters was established during the quarter and is expected to take a more active role in addressing their PIR needs.

To effectively develop the actions, AgBiz coordinated efforts and collaborated with the USAID-funded Business Environment Activity (BEA) and e-Gov Project.

The PIR reform and improvement needs identified, prioritized, and discussed with sources of reform during the quarter are outlined below.

I.4.1 Detailed Accomplishments vs. Projected Objectives

The following matrix presents the results achieved for each activity versus its objectives, as established in the last quarterly report.

Activity	Expected Result	Result Achieved
Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture	Activity completed	Collection and processing of data and the feedback workshop were completed. A draft report in Macedonian was presented. The final report in Macedonian and English, as well as a follow-up meeting will be completed next quarter.
Enhanced Approach to Policy and Institutional Reform	Complete the first jointly organized Public-Private Dialogue (PPD) Workshop to provide private sector input on agricultural policy and institutional needs for export enhancement	The initial meeting to establish the FF&V exporters association was an opportunity for AgBiz and MAFWE's Department for Agricultural Policy Analyses to dialogue with and collect policy and institutional reform needs (PIRN) inputs from the private sector. During this quarter, one of the identified priority PIRNs was selected and procedure for addressing started. See Section I.4.3.3.

I.4.2 Activities Initiated this Quarter

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Assessment of the Impact of the Government Subsidy Program on the Export Competitiveness of Macedonian Agribusiness	Assess the impact of the current government subsidy program on exports of leading agricultural products; provide direction how the private sector and government should interact during preparation and creation of subsidy schemes.	AD approved, Request for Proposal sent out, vendor selected, contract signed on July 2.
Support to Shumski Plod to Address the Multiple Taxation of Wild Gathered Products (WGP)	Engage a legal expert who will, on behalf of Shumski Plod, present the negative impact of the multiple fees and responsibilities situation to the GoM; develop proposals for solving the constraint	AC and AD approved; SoW agreed and LoI with Shumski Plod signed; service provider selected

I.4.3 Priority PIRNs Identified During the Quarter

I.4.3.1 Implementation of a Special Green Line for Transit of Fresh Products at the Border

DESCRIPTION: The export of fresh fruits and vegetables from Macedonia is mostly done by non-refrigerated trucks when the target markets are neighboring and ex-Yugoslavian countries. Problems of product deterioration, due to long border clearance procedures, have been discussed with government in the past and a special green line for such products was established but never properly implemented. The problem lies in an uncoordinated approach and capacity of custom to administrate the process, differences in applied procedures between border crossings, their logistical possibilities, the readiness of exporters to cooperate with Customs and the readiness of government officials to cooperate with relevant institutions on the other side of the border. Being able to rapidly cross the Macedonian border is only a part of the solution.

FOLLOW-UP: This issue was discussed with MAFWE, and the conclusion arrived at that an opportunity exists for improved or additional facilitation of the custom procedures. Prior to this, however, systematic interviews are needed to identify exporters' priority issues, such as border crossing timing, procedures, and complexity.

I.4.3.2 Blocking Products from Greek and Turkish Border from Phyto-Sanitary Control

DESCRIPTION: FF&V exporters face problems when phyto-sanitary control of an importing country is inconsistent with officially established product quality and safety requirements of the exporting country. This lack of standards for fresh fruits and vegetables in a situation where an importing country is not a member of, or even be coordinated with, the Organization for Economic Co-operation and Development (OECD). To avoid such difficulties, Macedonian products are imported by a country that is in compliance with destination country requirements and then re-exported to the final market.

FOLLOW-UP: It is the GoM's responsibility to initiate activities to establish standards for FF&V exports and solve this issue. An open and transparent agenda on the part of the GoM could result in cooperative solutions, e.g., start procedures for the standards and preparations for OECD membership. In order to avoid such border difficulties in the meantime, the MAFWE should develop written instructions for FF&V exporters, including requirements of target countries' custom administrations, before the transport.

I.4.3.3 Subsidizing only Raw Materials for Sold to Processors and not Exporters of Fresh Products

DESCRIPTION: The GoM subsidizes farmers that are contracting with processors for agricultural products utilized for further processing and then export. This decision seems unfair for farmers who are contracting with exporters of fresh products. This is especially important because fresh produce also gets value added through sorting, packing, and cooling, and the value of fresh product exports is far larger than that of processed products exports and is increasing. This measure was initiated and negotiated by MAP and proves the negotiating power of well-organized, private sector participants. Since Macedonian exports about 80% of total agricultural production, and agriculture is a large contributor to GDP, it is logical that the GoM support be provided to all sub-sectors that can contribute to increased export success.

FOLLOW-UP: This PIRN was identified during the initial meeting for the establishment of the FF&V exporters association. Since time is needed for the cycle of policy measure implementation, results, and re-evaluation, AgBiz decided that an assessment of GoM subsidies to export competitiveness would be a great opportunity to cooperate and coordinate with the Ministry of Agriculture. The intention would be to start establishing close contacts and develop coordination between the private sector and MAFWE for policy and institutional issues. Toward this end, an activity implementation plan was developed and approved, a vendor was selected, and a subcontract was signed during the quarter.

1.4.4 Constraints to the Competitiveness of Macedonian Agribusiness Exporters

1.4.4.1 Protection of the Wine Geographic Indication “Macedonia” by Greece (Continuation)

DESCRIPTION/OBJECTIVE: In February 2010, the Greek Embassy in Berlin asked German supermarkets to withdraw Macedonian wines from their shelves, saying that only Greece could use the name of Macedonia to indicate the origin of its wine. The Greek Ambassador to Germany for Economy and Trade Alexander Mitrogos sent a letter to the Nurnberg company that sells Macedonian wines to the EDEKA supermarket chain—labeled “Macedonian”—that stated Greece’s (negative) position on the name issue. However, Macedonian wine has not been taken off EDEKA’s shelves. Taking advantage of being an EU member state and having a full understanding of the procedures, as well as good access to relevant institutions, Greece registered “Macedonia” in the Protected Geographic Indication (PGI) list for wines that became effective on August 1, 2009. Under the EU provisions, Macedonia could have appealed this step within six months after the notice was published in the Union’s official gazette. Unfortunately, Macedonia did not do so.

Just days before participation by Macedonian wineries in ProWein 2010, trade fair organizer Messe Dusseldorf, under pressure from the Greek Embassy, sent a letter to all exhibiting Macedonian wineries stating that appropriate action would be taken against them in light of failure to comply with PGI regulations. Having already arranged for prominent “Wines of Macedonia” branding on the Macedonian stand, the words “Product of Macedonia” on each bottle’s label, and the phrase “Macedonian wine” in almost all the catalogues and other promotional materials, the exhibiting wineries had a serious problem.

OUTCOME/FOLLOW-UP: After a meeting between all relevant representatives from the Ministry for Foreign Affairs, Secretariat for European Integration (SEI), MAFWE, and the official Macedonian representative in *Organisation Internationale de la Vigne et du Vin* (OIV), a delegation comprised of SEI and MAFWE representatives met the representatives of the wine committee under the European Commission in Brussels responsible for the protocol that Macedonia has had signed with EU that defined wine trade between Republic of Macedonia and the EU. The delegation appealed and presented its case, providing an extensive explanation on the implications of the dispute Macedonia. Conclusions and recommendations from the EU commission should be conveyed to the SEI and MAFWE. AgBiz offered to provide full coordination with the private sector and organize a workshop in order to inform the wineries on the current status and GoM strategy in avoiding export limitations for Macedonian wine.

1.4.4.2 Private Sector Input into the Draft Wine Law (Continuation)

DESCRIPTION/OBJECTIVE: Some of the suggestions and recommendations that AgBiz compiled from wineries’ input were accepted and integrated into the draft Wine Law. However, due to the short notice and limited private sector involvement into its development, the Wine Law went into the adoption process with serious deficiencies. The draft law was submitted for first reading by members of the Parliamentary Committee for Agriculture. As expected, many of the wineries complained about the very limited time given for a response and pointed to serious defects and a considerable number of issues that are not clearly defined in the Wine Law, are anticipated to obstruct the efficiency of wineries, and will affect their export competitiveness. Therefore, they requested AgBiz support for a request for additional time for a dialogue with MAFWE and for amendment of the law before the final version is presented to and submitted for adoption by Parliament. The objective was to integrate all justifiable and productive comments and suggestions on the new Wine Law, and eventually seek additional modifications to the law. This intervention should result in a more clear definition and understanding of legislative requirements, their applicability, and the implications on the wine business by all value chain stakeholders, and will improve the overall competitiveness of the value chain.

OUTCOME/FOLLOW-UP: Thanks to AgBiz extensive coordination and facilitation of the process and USAID direct involvement, all key amendments that are in the best interest of VC export competitiveness enhancement were adopted in the Wine Law. The MAFWE should next develop the bylaws that will more precisely regulate the terms and conditions in the viticulture and wine VC. AgBiz

remains focused on supporting the dialogue between the wineries and the ministry and will continue to play an active role in securing significant inclusion of wineries input during the process.

1.4.4.3 Law on Agriculture Terms and Conditions for Contract Farming

DESCRIPTION/OBJECTIVE: A very unconstructive and uncertain business atmosphere for wineries, F&V processors, and other F&V traders was created when the GoM announced the newly proposed articles in the law on agriculture regarding contract farming terms and conditions. Wishing to help small producers by regulating the relationships between producers and buyers, the government entered into an area that is not possible to regulate without taking into consideration the free market economy, price forming, and market availabilities and changes. The specific terms in the articles regulating the buy-out of the goods and the form and content of agreements will cause significant problems in relations between the parties and eventually between them and the government before end of the upcoming season. AgBiz anticipated these future outcomes, and on several occasions acted together with the private sector to enlighten government representatives about the anticipated consequences. AgBiz considers this to be a PIRN that needs to be addressed. Many of the articles within the new law, including ones that deal with buyout, payment regulations, standardization of quality, and organization of buyout spots have to be additionally specified in bylaws. First drafts of the bylaws prepared by the MAFWE were reviewed by PV VC/MAP members. They concluded that some of the items were not acceptable to processing companies.

OUTCOME/ FOLLOW-UP: Although the new law has been adopted by Parliament and published in the Official Gazette of the Republic of Macedonia, there are still many uncertainties not fully elaborated in the law. The bylaws are not completed and it is questionable whether they can be enacted before the start of the full season. Therefore, the project anticipates that the new law will not meet the needs of the private sector. In particular, it does not differentiate between traders/consolidators and processors, and treats them all as “buyers of fresh produce.” Thus, during quarter, AgBiz initiated a demand-driven activity by the PV VC to develop possible viable models for contract farming consistent with the proposed law. Based on primarily the input from the PV VC, but also on various consultations with the FFRM, a contract model was developed to serve in the best interest of both primary producers and processors and at the same time be in compliance with the law. MAFWE used a substantial portion of this material in their efforts to develop a single contract farming template that would be consistent with the new law (for all VCs). AgBiz will closely monitor the situation with the adoption of the proposed contract farming model and developing of related bylaws. Depending on private sector reaction, AgBiz will likely support private sector by facilitating PPD to evaluate and address possible negative implication that the new Law on Agriculture and Rural Development, bylaws, and contract farming model proposed by MAFWE might have on the sector export competitiveness

1.5 ACCESS TO FINANCE

The following section describes the substantial work done during the reporting period within the Access to Finance AoF to improve customers’ access to finance, primarily by the AgBiz Finance Specialist.

DESCRIPTION: This AoF helps customers to obtain access to finance in the current difficult economic situation by understanding and communicating the comparative availability of agribusiness finance, and the new procedures and demands from financial institutions. The project also tracks the impact of the global financial crises on the Macedonian financial sector, keeps up-to-date on available financing and new financial products, and explores and presents customers with new alternative sources of available financing for agribusinesses, and those most appropriate for them in the current economic situation.

OBJECTIVE:

The objectives of this AoF include:

- Identify and help AgBiz customers gain access to viable and competitive sources of finance, including but not limited to loans, leasing, factoring, and export insurance—as well as familiarizing companies with and training them to successfully apply for IPARD as an emerging financing option;
- Work with current and new suppliers of loans and loan guarantees and other financial products to understand their new products, procedures and regulations;
- Identify sources of finance or financing guarantees for AgBiz customers;
- Analyze companies’ financial statements, collateral issues, and financial projections;
- Based on the result these analyses, assist companies to develop applications for loans, leases, equity, or other types of financing;
- Identify possible viable sources of equity for larger AgBiz customers;
- Provide training to producers, processors and SMEs on how to assess their capital needs, including but not limited to working capital requirements, long-term financing, and equity investment;
- Understand the impact of the global financial crises on the financial sector, and how that may impact clients’ loan application processes and approvals;
- Explore financial sourcing options such as the MBEP and ACDF that could provide customers very competitive rates and terms;
- Investigate and promote the MBEP Export Insurance and Guaranty Fund and explore and realize the possibility to use MBEP Export Insurance as collateral for customers’ short-term loans; and
- Make IPARD terms and conditions closer to AgBiz customers and assist them to prepare for and access IPARD financial support.

1.5.1 Detailed Accomplishments vs. Projected Objectives

The following matrix reports the results achieved for each activity versus the objective for that activity as established in the last quarterly report. Reports on completed activities are presented in section 1.5.2 below.

Activity	Expected Result	Result Achieved
Update the Agribusiness Finance Manual	Final updated version approved, printed, and promoted	Completed, see Section 1.5.2.1.
Access to Finance Workshops	Agribusiness Finance Manual workshop held and manual distributed to customers	Manual was distributed to customers at individual meetings; workshop will take place during the next quarter, after summarizing results of first IPARD call for applications and considering strengths and weaknesses of first round of applications.
FF&V Companies IPARD Study Tour to Croatia	Activity completed and activity report prepared	Completed, see Section 1.5.2.2.
IPARD Study Tour to Bulgaria	AC approved and AD developed; selection of vendor and participants started	IPARD study tour to Bulgaria for bank representatives will take place next quarter.

1.5.2 Competitiveness Enhancement Activities Completed During the Quarter

1.5.2.1 Update of the Agribusiness Finance Manual

DESCRIPTION/OBJECTIVE: Because of new financial institutions, and different conditions and products, the Finance Manual needs to be updated. As a tool, the manual has proven very helpful for customers, because it contains all necessary information, financial institutions contact data, and institutions’ terms and conditions. All this information in one place helps AgBiz customers to choose the most appropriate source of financing.

The Finance Manual has several purposes. Foremost, it provides important information on institutions, donors, and agencies that lend to, or invest in, agribusinesses, and this helps Macedonian agribusinesses

understand their requirements, conditions, and range of products and services. It also provides information on how agribusinesses can improve their capacity to access various forms of finance and investment, and offers educational information on various forms of finance. The revised version would be produced in an easy-to-read format that can be updated regularly as new actors enter the market and market conditions change.

OUTCOME/FOLLOW-UP: During the quarter, AgBiz engaged external short-term technical assistance to update the Financial Manual. The updated manual was developed so as to provide a simple, straightforward explanation of the range of the latest financing products and services available to Macedonian agribusinesses to better educate business owners on what types of finance may be appropriate for their businesses, the expectations/perspective of lending institutions, and accessing financing under the terms and conditions best suited to their circumstances.

The updated Finance Manual provides detailed and current information on potential sources of finance and investment for Macedonian agribusinesses. Through the Finance Manual, AgBiz helps agribusinesses to identify various forms of finance, their pros and cons, and the most appropriate use. The manual promotes and enhances the development of and access to new types of finance alternatives appropriate for AgBiz clients. Through the manual, AgBiz informs Macedonian agribusinesses about how they can improve the likelihood of receiving the finance by guiding them through the necessary elements of a loan application, business plan, and financial and legal information, and other materials commonly requested by lending institutions. During the next quarter, AgBiz will organize a workshop to present the updated manual to the potential beneficiaries, banks, leasing houses, and other relevant institutions. For more details see “*Update of the Agricultural Financial Manual*” included on the CD-ROM version of this report.

COST: Total Cost: \$3,909; AgBiz Cost Share: 100%.

1.5.2.2 FF&V Companies IPARD Study Tour to Croatia

DESCRIPTION/OBJECTIVE: IPARD is a potential source of financing, and a very competitive one to help AgBiz customers invest in their businesses. Achieving access to IPARD funds can help customers come closer to the level of development of West European companies and increase their standards as per EU customers’ requests. This study tour will help AgBiz customers become more competitive on foreign market and increase their export sales. They will learn about enhancing their understanding and utilization of EU funds, and they will achieve a better understanding of how to restructure/modernize facilities for compliance with the latest EU requirements regarding quality, hygiene, and food-safety standards. Following the study tour, customers will be able to assess the benefits and costs of adopting new technologies and know-how, management practices, distribution logistics, marketing, and product presentation for EU markets from experiences of Croatian companies and achieve better access to IPARD funds.

A four-day study tour in Croatia would provide AgBiz customers first-hand information on post-harvest experience in Croatia using EU SAPARD funds through:

- A visit to modern cooling chambers and packing centers, well-equipped cold stores, and other packing facilities that utilized SAPARD program possibilities;
- Presentations on the development of documentation for SAPARD/IPARD and possibility of utilization;
- A visit to a wholesale fresh produce market in Zagreb and meetings with representatives there to present storing, packing, and trading operations;
- Meet companies in the cooling chambers production business, discuss the newest cold storage engineering trends, exchange experiences, and explore possible future cooperation; and
- Visit cold storage facilities for FF&V funded by SAPARD.

Hence, the objective of the study tour is primarily to help the AgBiz customers better understand the challenges they face and learn about the experience of similar businesses in other countries, especially as related to the utilization of pre-accession funds.

OUTCOME/FOLLOW-UP: During the study tour, consultant Dalibor Georgievski provided up-to-date information to participants regarding SAPARD program specifics such as requirements and procedures, as preparation for IPARD funds utilization. His extensive experience and reputation as the consultant with the largest number of approved applications was utilized to increase study tour participants' awareness of how to best utilize IPARD funds. Presentation of case studies and comparison of regulations in Croatia and Macedonia significantly increased participants' levels of understanding of IPARD regulations and criteria. Discussions of possible problematic situations and scenarios helped participants become familiar with potential problems.

Reviewing how companies obtained the necessary SAPARD application documents, how applications and applicants were analyzed, how business plans were prepared, and how up-front financing was arranged took place in the presentations, and participants had a chance to discuss possible situations that might appear in Macedonia. Participants had a chance to hear about advantages and disadvantages of the developing regulations for IPARD, and the significance of their practical implementation.

To achieve compliance with EU requirements, it is necessary to restructure/modernize Macedonian FF&V facilities. This was the main point of the Bresting d.o.o. presentation. The modern post-harvest facility developed and managed by Bresting was presented to the participants. Participants had a chance to learn how Croatian companies are conforming, or are planning to conform to, EU quality, hygiene, and food safety standards. During discussions, new technologies and know-how that can be adopted and applied to Macedonian FF&V operations were identified and discussed in detail.

During visits to Fragaria and Glazir, participants had an opportunity to learn about logistics management, transport company services, marketing, and product presentations that EU buyers require. Modern methods of adding value of fresh products, by freezing and making combined salads, financed partially through SAPARD projects were presented to the participants during field visits. Many relevant experiences were exchanged with company staff members involved in SAPARD applications. Strengths and weaknesses of the project and advantages and disadvantages of going through SAPARD projects were discussed in detail. General conclusions were that companies who have in-house potential (i.e., big companies with structured departments) can go through the application process by themselves, but smaller companies should use consulting services to not just prepare proper application, but also to help pass through the whole process of realization and reimbursement by the SAPARD agency after project approval.

Exploring new export sales possibilities and Macedonian exporters "coming back" into the Croatia market for FF&V products was the focus of visits to the Zagreb Wholesale Market. The capacity of the wholesale market and the possibilities for Macedonian companies, prices regarding space rent, and annual turnover of the Zagreb Wholesale Market were presented by the general manager. The general impression was that there is demand for Macedonian fresh products, but the presence of a company representative in Croatia to approach the market is recommended. The real opportunity lies in the joint presence of several companies on wholesale market that could be a starting point for taking back a significant part of the Croatian market. For more details see *Activity Results Report "FF&V Companies IPARD Study Tour in Croatia"* included on the CD-ROM version of this report.

COST: Total Cost: \$13,991; AgBiz Cost Share: \$6,511, or 46%.

1.5.3 Work Completed During the Quarter

Improved and detailed access to finance assistance was provided to two companies and one individual, resulting in total amount of \$186,620 financing utilized. Three companies received an export insurance policy for their exports to EU markets. To provide assistance to AgBiz customers and transfer IPARD knowledge, a study tour to Croatia took place in April. Relevant sources of financing through government programs were presented to six companies from AgBiz VCs. Together with the MBEP Chief of the Credit Insurance Department, the project presented to six companies with the export insurance product, its advantages, and the possibility of its use as collateral. These customers also received information regarding all other MBEP credit products, conditions, and Guaranty Fund possibilities. The companies signed a Memorandum for Cooperation with MBEP, and subsequently applied for MBEP export

insurance. The credibility of their buyers in EU, UK, Serbia, and Croatia was then estimated by the MBEP. Four companies received information regarding available sources and types of finance, as well as an explanation of the different product characteristics and advantages to using loans, leases, equity, or other types of financing depending on the companies needs and situation. To present the most current information connected with the situation in Macedonian financial markets and on all products offered to customers, and to give them a chance to choose the best option, AgBiz updated and presented the Financial Manual at individual meetings.

ISSUES: The Macedonian financial sector became more stable and transparent during the reporting period. Loan procedures have returned to pre-crisis practices, collateral requirements have not increased, the average approved loan amount was identical to that of the previous quarter, and the pay-back period now averages seven years. Restrictions regarding interest rate and collateral, especially on real estate loans, became less rigid as compared to last year. Interest rates have stabilized. The time period from loan application to disbursement is similar to that before the crises. Central Bank measurements taken in this quarter indicate the possibility of decreasing interest rates, and the bank decreased interest rates for treasury bills and reserves for disbursed loans. The €100 million loan from the European Bank for Reconstruction and Development (EBRD) managed by the MBEP and disbursed through seven commercial banks is being utilized by Macedonian companies.

LESSONS LEARNED: AgBiz' understanding of the situation and lenders' new policies and procedures in order to be able to provide customers with the most current and relevant information about applications, document preparation, and what to expect become more comprehensive. Well-prepared and realistic business plans are still requested by financial institution as a part of loan applications, and a good business plan increases the chance of receiving a loan and gives direction to management on the management of loan repayment and company development during the period of the loan. MBEP and ACDF are the most competitive and relevant institutions, and their products are provided through selected commercial banks with fixed interest rates. MBEP interest rates are between 7.5% and 8%, with a grace period, longer terms for repayment, and an export insurance opportunity, and ACDF provides favorable conditions for agribusinesses that are attractive for AgBiz customers. The €100 million EBRD loan and an additional €100 million from partner commercial banks, with 6% interest rate for year one and 3%+ Euribor (but not lower than 6%), disbursed through seven commercial banks became available for the program's customers. This loan product has been designed, and contracts with commercial banks for its utilization have been signed. Loans funded by ACDF still have the most competitive interest rate, but limitations on the loan amount that can be approved and the slow procedures of commercial banks that provide these loans are the disadvantages. Overall, while accesses to finance processes are still conservative, difficult and inefficient for AgBiz customers, some easing took place over the quarter.

FOLLOW-UP: The AgBiz Finance Manager will continue to meet with financial institution representatives to collect information regarding new products and the conditions they require from our customers. AgBiz will continue to support its customers to understand and apply for loans, leases, equity, or other types of financing and keep up-to-date on available financing and new financial products. AgBiz is very aware of the importance of IPARD funds for many of its customers. Due to new financial institutions in Macedonia, and new borrowing procedures and conditions, the project updated the Financial Manual. Now that the manual has been published, a workshop will be organized in the next quarter to present customers and other potential borrowers with the most relevant terms and condition in all financial institutions, including IPARD and GoM funds.

1.6 BACKWARD LINKAGES

After transformation of the Macedonian political system and establishment of an independent state in the early 1990s, and the subsequent transformation of the economic and political systems, significant changes have occurred in the country. The changes in agriculture were especially significant because of the transformation of agricultural Kombinats. Established systems of vertical integration between producers and agribusiness no longer existed. In the subsequent 20 years, many projects active in Macedonia, such as FAO, GTZ, *Nederlandse Vrijwilligers* (Foundation Netherlands Volunteers [SNV]), and others, have addressed the issue of backward linkages in almost all agriculture subsectors, and achieving at least marginal success. Although some positive examples do exist, Macedonia still does not have an established system of vertical integration/backward linkages that will satisfy the needs of farmers and the

requirements of processors and/or traders. Recently, MAFWE recognized the lack of vertical integration models and contract farming as one of the most significant obstacles to achieving stable growth and development in the agricultural/agribusiness sector.

1.6.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports the results achieved for each activity versus the objective for that activity as established in the last quarterly report. A report on the completed activity is presented in Section 1.6.3 below.

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Assess VC Participants' Use of Backward Linkages for Lessons Learned and Best Practices	Activity implemented and report accepted	Completed, see section 1.6.3.1.
Support Contract Farming	AC developed	Due to the delicate situation with the adaptation of the new agricultural law and the obligatory contracting of buyout of agricultural products, AgBiz is keeping the activity on hold until a decision is made on the best options for activities in this AoF.

1.6.2 Detailed Accomplishments vs. Projected Objectives – Projects

This matrix below reports on continued progress toward achieving post-project results.

Project	Objective	Result Achieved during the Quarter
VIGAN	Improve the quality and quantity of mushrooms sold on export markets, increase the capacity of production, and implement Hazard Analyses and Critical Control Points (HACCP) standards.	Vigan reported a significant increase of sales during the quarter. The newly installed freezing capacity enabled Vigan to create an inventory of frozen mushrooms and wild berries, and offer its products thought the year.
INTERMAK	Maintain and further upgrade Intermak's position as one of the leading Macedonian companies processing and exporting wild mushrooms by improving and increasing processing and storage capacity.	Intermak reported increased sales from last year's harvest. As markets slowly recuperate from the global economical slowdown, Intermak was able to sell a large part of their 300 tons of juniper berries. Income from the sales enabled Intermak to secure working capital for the beginning of this year's season.
KORO	Establish and strengthen the company's presence on regional markets, primarily Serbia, and achieve increased regional export sales.	Benefiting from AgBiz support for organic certification, Koro penetrated the Danish market with organically certified filter teas.
FLORES	Introduce a new organic product line for wild gathered medicinal herbs, aromatic plants, and wild fruits, and create new regional and international export opportunities.	Flores began offering organic certified products during the quarter. Although customer interest is quite high, no sales of certified materials have been realized. Sales of conventional products were average level for the quarter.
KOKOLANSKI	Improve competitiveness by increasing and improving processing capacity and adopting HACCP food safety principles	Kokolanski was able to sell their entire inventory during the quarter. Although prices were reduced due to the global economical slowdown, Kokolanski reported an increase in sales and enters the 2010 season in relatively good condition.

1.6.3 Competitiveness Enhancement Activities Completed during the Quarter

1.6.3.1 Assess VC Participants use of Backward Linkages for Lessons Learned and Best Practices

DESCRIPTION/OBJECTIVES: In the past, there were many efforts to establish vertical linkages in all VCs. Many donor projects [e.g., FAO, GTZ, Swiss Agency for Development and Cooperation, and SNV] tried to organize producers, traders, and processors into cooperatives and associations that would eventually lead to backward linkages between primary producers and fresh produce buyers or processors. Some were more successful than others, but today there is no established system of backward linkages that satisfies the needs of agribusiness exporters, or the small producers that represent the majority of the Macedonian agricultural population. So, after years of work related to backward linkage development, realistic conclusions can be drawn regarding the reasons for the success or failure of different models and approaches to backward linkages.

Recently, the lack of backward linkage and contract farming models was identified by the MAFWE as one of the most significant obstacles to achieving stable growth and development in the agricultural sector. The lack of effective and sustainable backward linkages has also been identified by AgBiz as one of the most significant constraints to the export competitiveness, and therefore the rapid development of Macedonian agribusinesses. AgBiz needed to assess the criteria and conditions associated with successful and unsuccessful backward linkages and develop activities that support the broader and successful use of backward linkages, and therefore enhance the competitiveness of the supported VCs.

The objective of this activity was to therefore to develop a set of lessons learned and best practices for establishing and sustaining backward linkages/contract farming, and recommendations for activities that AgBiz could develop and implement to stimulate the formation and broader utilization of sustainable backward linkages in the value chains AgBiz supports.

OUTCOME/ FOLLOW-UP: The assessment was carried out through semi-structured interviews and discussions held with selected entities. Two types of questionnaires were used to gather data. The assessment included representatives from all levels in VCs in which AgBiz is active, including FF&V, PV, table grapes, apples, wine, and wild gathered products. Twenty-seven entities were interviewed including representatives of processors, traders, consolidators, exporters, and different producers. Commodity clusters and producer organizations identified were additionally consulted. Both sides of the contractual arrangements were interviewed to provide adequate feedback on all perspectives of cooperation. The assessment covered a wide range of producers and buyers, and evaluated the practices for contract farming in the last 20 years (both written and spoken contracts). The results showed few positive examples with practices that led to mutual satisfaction of both sides (buyers and producers). On basis of all conclusions, comments, and findings from the assessment, it is recommended that support be provided for promotion of models of appropriate contract arrangements in the AgBiz-supported VCs.

Contract farming is usually associated with producers and buyers, however at present the MAFWE is taking an active role in regulating both the market and the obligations between the contracting parties. Therefore, recommendations for intervention are twofold and include both the MAFWE, as a regulating body, and the industry (buyers and producers) as concerned parties. For more details see *Activity Results Report "Assess VC Participants' Use of Backward Linkages for Lessons Learned & Best Practices"* included on the CD-ROM version of this report.

COST: Total Cost: \$3,182; AgBiz Share: 100%.

1.6.4 Work Completed During the Quarter Summary

During the quarter, AgBiz continued to focus on gathering information on the implications of the new law on agriculture, which is important to AgBiz support for backward linkages development. Information from the field indicates that companies do not have a positive opinion regarding the new law that involves mandatory contracting of raw materials buyout. AgBiz engaged a consultant to develop models for contracting the supply of raw materials for PV VC participants, but without good acceptance from VC participants. MAFWE on the other hand developed their own more general model contract that was to be used for all VCs and delivered the model to AgBiz for comments. Based on feedback from customers AgBiz provided input on the draft model contract developed by MAFWE.

1.7 ASSOCIATION DEVELOPMENT

Many agriculture-focused donor activities and GoM programs have the objective of supporting producer (farmer) organizations and/or agribusiness trade associations. Despite substantial efforts, only limited progress has been made in developing sustainable trade associations, and MAP is the only current agribusiness-related one. Enhanced horizontal linkages through increased numbers and enhanced strength of trade associations is an important tool for stimulating the sustainable development of VCs. Slow and unnecessary bureaucratic procedures are still a significant impediment to the competitiveness of the AgBiz-supported VCs, and the lobbying power of most AgBiz VCs is still underdeveloped. Without a strong trade association, VC participants cannot impact GoM policies and practices and/or organize and implement effective actions to develop and enhance members' competitiveness. Sustainable trade

associations in the VCs of interest to AgBiz would be very good USAID “legacy institutions.” Past experience shows that member ownership is one of the main prerequisites for the successful functioning and longevity of an association.

To address these considerations, AgBiz is supporting associations with enhanced member ownership and will continue to emphasize the importance of ownership in line with the role and intentions of the program. The new law provides an undeveloped platform that outlines the contract farming agreements, which will likely result in dissatisfaction at both the producer and buyer levels. With the introduction of the new law on agriculture and the provisions therein for enabling the formation of producer groups and producer organizations (that will play a significant role in agricultural product marketing), a new chapter in Macedonian association development has begun. Harmonized with the EU legislation, the new law provides opportunities for cooperatives to organize the producers as a commercial body. With the option to tap into GoM and EU support funds now available, a shift is expected from formation of regular associations or nongovernmental organizations to formation of cooperatives. It is also likely that most of the functional associations will be transformed or reregistered as cooperatives. These organizations could ultimately serve as the backbone of agricultural product supply to all buyers in Macedonia, as access to the EU funds have the potential to provide long-term sustainability to the organizations.

1.7.1 Detailed Accomplishments vs. Projected Objectives

The following matrix reports the results achieved for each activity versus the objective for that activity established in the last quarterly report. Reports on completed activities are presented in Section 1.7.2 below.

Activity	Expected Result	Result Achieved
Support Shumski Plod with STTA for a 5-year strategy, activity, and financial plan and proposals to the GoM and donors as a model for assn development	Activity completed	Completed, see Section 1.7.2.1.
Conduct an Analysis to Identify the Interest and Commitment of Fresh Produce VC Customers to Establish a Trade Association	Activity completed	Completed, see Section 1.7.2.2.
Shumski Plod Members Study Tour to the Bulgarian WGP Association	Activity completed	Activity concept and description approved, SoW agreed, & Lol signed; service provider selected and contracted. Adjusting to the possible dates for implementing the study tour as proposed by the Bulgarian association, the activity implementation date has been slightly prolonged and will be completed during the next quarter.
Web Sites for the Shumski Plod and FV&F associations and their members	Activity concept and description approved, SoW agreed, and MoU signed	Activity concept and description approved, SoW agreed, and Lol signed; service provider selected and contracted.
Technical Assistance for Legal Registration of the FF&V Association	Activity completed	Completed, see Section 1.7.2.3.
Support of Fresh Produce Association with cost sharing to engage short-term expert/s to develop a strategy and activity plan for the association	Activity concept and description approved, SoW agreed, and MoU signed	Activity concept approved and activity description developed.

1.7.2 Competitiveness Enhancement Activities Completed during the Quarter

1.7.2.1 Support for Shumski Plod to Develop a Five-Year Strategy and Action Plan

DESCRIPTION/OBJECTIVES: AgBiz continues to support the newly established Shumski Plod Association in an effort to make it sustainable (and avoid yet another donor-created association that stops activities when donor support is discontinued, and before the organization has a chance to reach sustainability). As Shumski Plod has yet to arrive at a clear financing, management, and sustainability model, support is needed to reach organizational functionality. This activity was designed to support Shumski Plod to develop a Strategy and Action Plan that will guide them in these efforts over the next five years.

OUTCOME/ FOLLOW-UP: The AgBiz Association Development Coordinator has significant

experience developing such plans and was fully involved in the establishment of Shumski Plod. To develop the strategy, he conducted interviews with association management board members and gathered information regarding the needs, aims, and constraints that current and potential association members face. Based on this information, a draft Strategy and Action Plan was developed. After completion of the first draft, the coordinator disseminated the document to association members. The coordinator summarized the comments received and presented the revised Strategy and Action Plan to the management board. The developed documents were discussed during the next membership meeting and were adopted as official documents of the Shumski Plod Association.

Successful implementation of the activity will make a significant contribution to Shumski Plod's efforts to reach a basic level of sustainability and functionality, and successfully present itself to the GoM and other stakeholders. Monitoring of the completion of the objectives and planned actions included in the Strategy and Action Plan will be implemented by AgBiz until the end of the program. For more details see *Activity Results Report "Support for Shumski Plod to Develop a Five-Year Strategy and Action Plan"* included on the CD-ROM version of this report.

COST: AgBiz Association Development coordinator implemented the activity.

1.7.2.2 Analysis to Identify the Interest and Commitment of Fresh Produce VC Customers to Establish a Trade Association

DESCRIPTION/OBJECTIVES: The objective of this activity was to identify the interest and commitment of FF&V VC customers to establish a trade association. Such an association would enable VC participants to apply best practices in association development and management to enhance competitiveness, speak with one voice to the GoM, and be a focal point for AgBiz delivery of more efficient and effective support to the VC.

To evaluate the willingness and readiness of VC companies to organize and cooperate in an association, a questionnaire was developed and distributed to the VC participants. The simple questionnaire was structured to enable companies to provide their opinion regarding the readiness and need for organizing a FF&V VC trade association.

OUTCOME/FOLLOW-UP: Based on information gathered from the questionnaires and the interviews with FF&V VC participants, it was evident that there is an interest, commitment, and recognized need for organizing the VC into some form of trade organization. Based on the recommendation of the AgBiz Association Development Coordinator, the next step was to organize a meeting with all VC participants. In addition to discussions about the results from the activity, the meeting served as a founding general assembly for the association. For more details see *Activity Results Report "Analysis to Identify Interest and Commitment of the FP VC Participants to Establish a Trade Association"* included on the CD-ROM version of this report.

COST: Total Cost: \$408; AgBiz Share: \$408, or 100% (AgBiz covered the cost of the General Assembly's venue. The activity itself was implemented by the AgBiz Association Development Coordinator).

1.7.2.3 Technical Assistance for Legal Registration of the FF&V Association

DESCRIPTION/OBJECTIVES: The objective of this activity was to assist those FF&V VC companies committed to forming and maintaining an association to develop the necessary bylaws and other legal documents, and implement all legal steps for successful registration of the association.

Seventeen participants from 13 FF&V companies attended the organizational meeting. After the explanation part of the meeting, a discussion was initiated about the timing of the association's establishment. As it was agreed that there is no time to be wasted, the meeting was considered to be the Founding General Assembly for the association. Potential roles of the association were discussed, and it was concluded that AgBiz would support the development of a five-year strategy, and based on the identified needs of members, strategic goals and an action plan would be developed. A discussion on the structure of the association, bodies in the association, membership, voting rights, etc. followed.

As it was concluded that the companies present did not represent the whole VC, the group felt that more companies needed to be recruited. After the legal registration was completed, invitations to join the association would be sent to all companies in the VC. It was decided that after extending association membership invitations, all internal procedures will be revised and modified as needed. A temporary Management Board and President would be elected, with a limited mandate of six months. Proposal names for the association were discussed and selected. A consultant later explained the procedures for registration, and it was agreed that all participants would send the needed documents to the consultant to complete the process.

OUTCOME/ FOLLOW-UP: A total of 13 companies from the FF&V VC sent their documents to be included for registration of the association membership. The consultant prepared all needed documents and distributed them to the companies to be signed. The consultant submitted the finalized documents to the Central Register for official registration. Ten days after submission, official registration of the Macedonian Agro Exporters Association (MAEA) was finalized. The president of the association is currently Slavica Angelova, a Manager in Dusan Ciric from Kavadarci.

AgBiz should consider dedicating more resources to support the newly established association. As current support to the new associations will not enable it to reach a suitable level of sustainability and functionality during the AgBiz life of program (LoP), AgBiz should consider providing support to identify solutions to the sustainability challenges the association is facing. For more details see *Activity Results Report "Support for Legal Registration of the FP Association"* included on the CD-ROM version of this report.

COST: Total Cost: \$1,752; AgBiz Share: \$926, or 53%.

1.7.3 Work Completed During the Quarter Summary

During the quarter, the AgBiz Association Development Coordinator completed the analysis to identify the interest and commitment of fresh produce VC customers to establish a trade association. Consequently, with AgBiz facilitation, a meeting for the FF&V VC was organized and attended by 13 companies. The meeting concluded with a General Assembly and the formation of the MAEA as a new national export trade association representing the FF&V VC. Association members are aware that they are not fully representative of the VC due to its size, so it was agreed that in six months a new assembly would be organized. In the meantime, the newly formed association will be promoted to the rest of VC participants by AgBiz and association members.

Shumski Plod members have been actively involved in discussions with the Public Enterprise for Forests Management and MAFWE for developing national WGP legislation that will be acceptable to all stakeholders. Efforts to address multiple taxations of WGPs are ongoing. The AgBiz Association Development Coordinator, in cooperation with association members, developed the Shumski Plod Five-Year Strategy and Annual Action Plan that was adopted by the association. The association was also active in acquiring cost-efficient laboratory services. By negotiating with several nationally accredited laboratories regarding terms and prices to be offered on an association level, Shumski Plod managed to achieve a 30% discount on laboratory analyses prices and much more flexible terms with one of the service providers. It is expected that during the next quarter, a contract will be signed, and the benefits gained will be used as a tool for attracting additional members.

1.8 OUTREACH, MARKET INFORMATION, AND ENVIRONMENT

1.8.1 Detailed Accomplishments vs. Projected Objectives

The following matrix reports the results achieved for each outreach activity versus the objective for that activity as established in the last quarterly report. Reports on completed activities are presented in section 1.8.3 below.

Activity	Expected Result	Result Achieved
AgBiz Congratulation Ceremony	Organize AgBiz Congratulation Ceremony	Completed, see Section 1.8.3.1.
AgBiz Website	Website updated on an ongoing basis	Completed.
AgBiz Conference and Training Calendar	Provide monthly input on AgBiz activities for USAID's Office of Economic Growth (EG) Event Calendar	Completed.
Third issue of AgBiz Program's Bi-annual Newsletter	Develop and distribute the "Business Expansion Project Newsletter"	Completed, see Section 1.8.3.2.
Market Information Newsletters	Complete and distribute a Market Information Newsletter for the Wine VC	Drafted second edition of Wine Market Information Newsletter.
Market Information Articles for FFRM's Moja Zemija Magazine	Complete monthly AgBiz market information articles	Market information articles about: ProWein Trade Fair, EU Market Demands Macedonian Fresh Fruit and Vegetables, and Hungary: New Possible Market for Macedonian Apples published.
Technical Communication Dissemination Plan	Distribute at least three pieces of technical information to stakeholders other than customers	Completed.
Field Trips	Develop and successfully implement field trips with mission management	Completed, see Section 1.8.3.4.
MAFWE Web Site Updating	Portal updated on a monthly basis with AgBiz information and/or provide information to MAFWE for AgBiz planned activities	Distributed via email Success Stories; program newsletter produced.
Information Sharing with Similar Regional Projects	At least 2 pieces of AgBiz information shared with other regional agribusiness projects	Success Stories and program newsletter produced in the quarter distributed and shared with Regional Competitiveness Initiative (RCI) projects.
Success Stories	Monthly stories developed and published	Success Stories produced and released: "Better Quality Table Grapes for Increased Exports," "EU Market Demands Macedonian Fresh Fruits and Vegetables," and "Macedonian Processed Vegetables Exporters Successfully Market their Products in Canada."
Media Exposures	Accomplish 28 media exposures to present AgBiz activities	<ul style="list-style-type: none"> • 18 articles published in national newspapers featuring the business expansion projects congratulation ceremony; • TV exposure: CoP interviewed by local TV station "AB" and AgBiz's Wine Value Chain Coordinator and CBI's expert interviewed by MTV's Morning Show; • 8 outreach and market information articles: results from the Fruit Logistica Trade Fair and Seasonal Workers Assessment Presentation Workshop, interviews in "Kapital" and "Vreme" business newspapers; market information article in "Moja Zemja"; and one-page article in "Kapital" on the WGP Media Tour. • For more details see "Outreach Releases" on the CD-ROM Version of this report.
Environmental Mitigations	Monitor mitigations completed by the end of the grant	For more details see "Environment Mitigation Measures" on the CD-ROM version of this report.

1.8.2 Activities Initiated this Quarter

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Online Registration of Employment for Agribusiness Roundtables	In May, AgBiz and the Confederation of Employers of the Republic of Macedonia (CERM) presented the findings from the recently completed Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture at a roundtable. At the event, a software application was presented for online registration of employment that simplifies the procedure for mandatory registration and termination of employment with all legal entities other than state institutions. The Online Registration of Employments software, developed by USAID's e-Gov project, allows companies to electronically register new employees and/or deregister departing employees. This software will simplify the procedure for mandatory registration and termination of employments.	AC approved.

1.8.3 Work Completed during the Quarter

1.8.3.1 AgBiz Congratulation Ceremony



PHOTO CREDIT: AGBIZ STAFF

AgBiz Program Congratulatory Ceremony

DESCRIPTION/OBJECTIVES: This event was the formal closeout of 18 months of export-focused agribusiness expansion projects implemented with AgBiz support. It was an excellent opportunity to communicate with the media, the private sector, and the broader public about the contribution of Macedonian agribusiness and agribusiness exports to the country's economic growth, EU interests, and prosperity of a significant (+/-20%) portion of the Macedonian population.

The event recognized the importance of investing in Macedonian agribusiness and the results achieved from the investments jointly made by private sector agribusinesses and AgBiz, and it was an opportunity to learn about

companies' plans for becoming more competitive in export markets. About 100 representatives of agribusinesses, government institutions (including relevant ministries), business service providers, trade associations, embassies, international organizations, academics, and the media attended the event.

OUTCOME/FOLLOW-UP: On May 4, AgBiz congratulated 20 leading Macedonian agribusiness exporters at an Export Expansion Projects Congratulations Ceremony to honor the successful results of the customers' business expansion projects. The ceremony celebrated the results achieved through the 19 AgBiz projects completed by March 31, 2010. These were export-focused projects funded jointly by investments from private sector agribusinesses themselves, and grants from AgBiz. All of these projects achieved their objectives of facilitating market entry, providing upgrades to facilities, and enhancing product quality. These achievements have helped Macedonian products to be better positioned on regional and global markets.



PHOTO CREDIT: AGBIZ STAFF

USAID Mission Director Michael Fritz (right) presenting Jovanka Cvetkova from Grkov Winery with a copy of the Wines from Macedonia promotional individual video.

At the Congratulations Ceremony, Ambassador Reeker praised the progress made by local agricultural businesses that, with the help of AgBiz, made significant improvements in their businesses. With a half of a million dollars in grants from the US Government, AgBiz participants were able to generate \$28.5 million in exports, provide additional income to over 15,800 households, and stimulate over \$7.8 million in private sector investments.

MAFWE Minister Ljupcho Dimovski addressed the audience.

In addition to honoring project participants, USAID/Macedonia Mission Director Michael Fritz presented each of the ten wineries featured in the Wines of Macedonia promotional videos with a final copy of their individual video, as well as the newly completed compilation video. USAID provided financing for these videos, which were produced in cooperation with AgBiz and the Macedonian National TV station. They have been aired weekly over the past four months.

COST: Total Cost: US\$2,833; AgBiz Share: 100%.

1.8.3.2 *AgBiz Program's Bi-annual Newsletter*

DESCRIPTION/OBJECTIVE: AgBiz has numerous success stories and has achieved outstanding results. To increase positive awareness of AgBiz accomplishments and familiarize the target audience and media with recent results, the program publishes bi-annual newsletters to promote its development, events, and successes.

OUTCOME/FOLLOW-UP: During the quarter, the third edition of the AgBiz Program Newsletter was completed and disseminated to relevant recipients. The focus of this issue was on the results of the business expansion projects and the impact of the projects on participating companies and over entire VCs.

The newsletter was disseminated to the USAID Mission; USAID-funded projects in Macedonia; the ARD home office; the RCI agribusiness network; USAID-funded regional agribusiness projects; donor organizations in Macedonia; local associations such as MAP, FFRM, and Shumski Plod; GoM institutions (e.g., MAFWE and MoE); and targeted media.

The newsletter was translated into Macedonian, and printed copies were produced in both English and Macedonian. For more details see “*AgBiz Program's Newsletter, Third Issue*” included on the CD-ROM version of this report.

1.8.3.3 *AgBiz Program Presentation in American Corner in Shtip*

DESCRIPTION/OBJECTIVE: On June 23, AgBiz gave a presentation on business expansion projects and capacity enhancement activities results at the American Corner in Shtip. The Outreach, Market Information, and Environment Manager explained how AgBiz supported the implementation of 20 business expansion projects and managed numerous activities that benefited over 180 Macedonian agribusinesses in wine, fresh fruits and vegetable, and processed vegetables value chains to become more competitive in regional and world markets.

OUTCOME/FOLLOW-UP: The audience included beneficiaries of the American Corner in Shtip and the locally based Peace Corps volunteer. The participants received more information about project criteria for applying, and structure for AgBiz customers, and results achieved during the three years of program operation. Handouts of the AgBiz presentation, copies of the last edition of the program newsletter focused on business expansion project results, and examples of AgBiz Success Stories were provided to participants and displayed in the Corner, as well as to all American Corners in the country.

This information was posted on the USAID/Macedonia website:
<http://macedonia.usaid.gov/en/Articles/Article32.html>



1.8.3.4 USAID EG Director and COTR Visit AgBiz-supported, Fresh Fruit and Vegetables and Processed Vegetables Value Chain Customers

DESCRIPTION/OBJECTIVE: To maintain positive cooperation and keep USAID and its EG office informed about AgBiz work and accomplishments, the program organized a two-day trip for the EG Director and the Contracting Officer's Technical Representative (COTR) to visit three AgBiz customers. Discussions with management at Dentina, Turan, Hina, and with the former President of MAP, Mr. Boris Aleksiev took place on the first day. The following day, the visitors met with Mr. Gjoko Danailov, president of a local table grape cooperative and attended the fresh fruit and vegetables produce exporters' initial meeting for establishing a FF&V exporters' trade association.

OUTCOME/FOLLOW-UP: The visits were successfully completed on April 28 and 29. The EG Director was able to witness vegetable processing operations and storage of fresh vegetables, hold discussions with MAP's former president to learn about managing the trade association, and meet with the FFRM president. In addition, the Director participated in the fresh fruit and vegetable exporters' association initiation meeting.

A visit by the Mission Director Fritz to Koro Company, a WGP processing company, and Grkov Winery was planned for the quarter but was cancelled. Rescheduling of this trip is pending until further notice from USAID. It will likely be held during the coming quarter.

1.9 PROGRAM DEVELOPMENT AND IMPLEMENTATION

1.9.1 Detailed Accomplishments vs. Projected Objectives

The following matrices report the results achieved for each activity versus the objective for that activity established in the last quarterly report.

The AgBiz FY 10 second quarterly report established expected results for the third quarter, presented in the matrices below. With very few exceptions, all expected results were achieved during the quarter (see Results Achieved columns).

1.9.1.1 Program Development

Activity	Expected Result	Result Achieved
Register New ARD Subsidiary Office Representative	Authorize new ARD subsidiary office representative in light of AgBiz CoP departure; change subsidiary office responsible person and authorize new CoP as a bank signatory	David Goode CoP of the Macedonia Local Government Activity (MLGA) authorized by ARD as the Subsidiary Office representative. The new AgBiz CoP was authorized as a bank signatory of AgBiz accounts.
Staff Mid-year Performance Evaluations	Mid-year staff performance evaluations successfully completed	Mid-year evaluations with good feedback on performance completed and salaries adjusted accordingly.
Revise PMP and Obtain USAID Approval	PMP revised based on recent changes to project objectives and approved by USAID	Draft revised PMP sent to USAID on May 26. Second draft submitted for comments and approval on June 30.
Perform Internal Budget Realignment	Internal 10-line item LoP budget developed and approved by ARD	Internal 10-line item LoP budget developed and approved by STA/M and CoP.
Ford Focus Transfer	Signed transfer agreement from USAID	Received Ford Focus transfer agreement approved by USAID.
Transfer Ownership of the Shkoda	AmCham and World Learning expressed interest in taking ownership of the AgBiz vehicle	A procedure will be started for transferring the vehicle to World Learning based on COTR's advice.
Receive Post-Evaluation Forms of Completed Activities, Assess Data Quality, and Enter into the Management Information system (MIS)	Automated M&E MIS updated	Post-evaluation forms of completed activities received, data quality assessed and activity costs adjusted based on monthly financial reports; all information entered in the M&E MIS and filed accordingly.
Collect Data and Analyze Project-Derived Indicators	Quarterly progress report customized and disseminated to responsible Project Coordinators (PCs) to be further distributed to grantees	Quarterly progress report customized and disseminated to responsible PCs that were further distributed to the grantees. Matrix for tracking preliminary results on indicators measuring increased production and marketing provided by grantees on quarterly basis developed. Received

Activity	Expected Result	Result Achieved
		completed reports and updated the matrix.
Develop FY'10 Second Quarterly Report	Weekly reports produced during the quarter reviewed and outline responsibilities developed	Weekly reports produced during the quarter reviewed; outline responsibilities developed and input forms customized and distributed in accordance with the plan.
Update Wine Industry Database	Data on trade flow in the Q1 of calendar year (CY) 10 obtained and processed, and database updated	Obtained data on wine export in the Q1 of CY 10, processed and updated database. Presented key findings in the Wine Market Information Newsletter.
Importance of Agribusiness to Macedonian Economic Growth Report	Data on Macedonian Agricultural Commodity Exchange in CY 09 obtained and processed; public releases presenting final data on employment in Macedonia and agribusiness share in the GDP obtained from the State Statistical Office and processed	Downloaded data on selected commodity exports in CY 09 from the State Statistical Office website; official data on employment and GDP expected to be released by the State Statistical Office.

1.9.1.2 External Cooperation/Coordination

Activity	Expected Result	Result Achieved
Meeting with MAFWE Regarding the New Law on Quality of Agricultural Products	Obtain more detailed information related to the new law	Law takes into consideration only issues related to fresh produce; information forwarded to PV VC members.
Roundtable Organized by MAFWE on June 14 re: the Rulebooks for the new Law on Agriculture	Discuss and clarify certain aspects of the rulebooks	Some irregularities were registered and discussed by the participants; information sent to PV VC members.
Meeting with Deputy Minister Perica Ivanovski and MAP Management Board Members on June 17	Clarify certain aspects of the rulebooks	Issues dealing with buyout procedures discussed; MAFWE accepted comments of MAP members and agreed to make appropriate changes.
MAFWE (IPARD Applications)	Prepare and send a report about non-dual financing of our grantees' projects and the IPARD applications	Upon the request of MAFWE and IPARD, reviewed and replied regarding non-dual financing of grantee projects and their IPARD applications.
RCI - Fifth Annual Regional Event in Sarajevo	Understand the regional approach of USAID; cooperate with other donors and other USAID projects.	Completed, see Section 1.9.2.1.
Meeting with MAFWE Deputy Minister	Discuss AgBiz activities supporting the formation of producer groups and organizations	Discussed with USAID, developed AC, and looked for implementation partners; activity should start in the next quarter.
	Discuss AgBiz activities supporting contract farming initiatives in the new law on agriculture	Received list of possible activities for cooperation with MAFWE regarding contract farming.
Meeting with MASHAV Director and Mr. Dejanov from Israeli-Macedonian Industry Trade Association	Assess possible cooperation with Macedonian FF&V exporters and plan a study tour to Israel on post-harvest handling.	Agreed on cooperation and scheduled MASHAV visit to MK in the second half of June (later postponed for second half of August)
Meeting with Agriculture Director from the Kosovo Private Enterprise Program	Exchange successful experiences in agribusiness assistance programs in the region	AgBiz successful experience and USAID's long-term cooperation with the Macedonian agriculture will be seriously considered and, where possible, implemented in Kosovo.
Meeting with Dori Gorgievska from SFARM	Discuss the AC on assessment of producer organizations (POs) in Macedonia	Initial planning for Ms. Gorgievska's (SFARM Project Manager) engagement on the activity; she is very familiar with the present status of farmer's organizations and meeting the GoM requirements for utilization of the advantages of being registered as PO.
Meeting with MAFWE and SNV regarding AgBiz support to developing a manual on establishing cooperatives	Sign an MoU with SNV for joint support for an activity related to establishing producer groups	Discussed with MAFWE the need for this activity and received feedback with connected documents on EU and national legislation for POs as possible direction for AgBiz support to establishing producer groups.
Participate at the second MAFWE Law on Forests Workshop	Offer AgBiz expertise to the MAFWE workgroup drafting national legislation regarding WGs	AgBiz Coordinator participated in the meeting and provided input.
Participate in the SIPPO workshop on market development of the WGP VC	Provide realistic picture by SIPPO experts to Shumski Plod members and GoM stakeholders regarding the development of the WGP VC	A workshop was organized by SIPPO with all Shumski Plod members. Several presentations on anticipated WGP market trends were made.
Meeting with Regional Rural Development Standing Working Group (SWG RRD)	Investigate possible cooperation regarding a proposed activity for supporting the formation of producer groups	SWG RRD is not interested in joint implementation of activities that are not organized on a regional level, but will fully support the activity by providing available data.
Synopsis to MAFWE on wine VC accomplishments and the Wines of Macedonia video CD-ROMs	Present at the World Exhibition in Shanghai in China 2010	Through MAFWE, Wines of Macedonia videos were provided to the delegation leader by the Deputy Minister of Economy, to be presented at the World Expo Exhibition in Shanghai.
Meeting with MakInvest-Agency for Foreign Direct Investment	Investigate the current status and future plans of MakInvest as regards their newly expanded role in export promotion and emphasize the	Reached agreement that MakInvest will use AgBiz expertise and support to coordinate VC input into development of the strategy.

Activity	Expected Result	Result Achieved
	importance of private sector involvement into development of the export promotion strategy	
Participate at the CBI lead training session on export promotion capacity enhancement for MakInvest economic promoters	Contribute to the training session on export promotion capacity enhancement for MakInvest's economic promoters	Presented private sector interest and expectations for the role of economic promoters in promoting Macedonian products.

1.9.1.3 USAID

Activity	Expected Result	Result Achieved
Coordinate with USAID on the approach to assist the MAFWE on private sector input for agricultural policy analysis	USAID and AgBiz meeting with the Minister and Agricultural Policy Department to agree on further cooperation	Jointly organized a meeting with the FF&V exporters for private sector input on PIRNs; assisted AgBiz to develop components of AD for assessment of GoM subsidies
Macedonian wine export over the last several years on CNN	CNN nightly show live from Skopje (May 11–14), presenting stories that show the country as being innovative and interesting	“Creating Napa Valley in Macedonia,” by Nic Robertson, aired May 11, 2010 on CNN, updated 1204 GMT (2004 HKT); and “Popova Kula Winery” (an AgBiz participant). Other story topics aired or posted on CNN website include the name issue, high tech investment, and cultural heritage.
New Draft Law on Associations and Foreign Organizations	Request USAID's response concerning the new draft Law on Associations and Foreign Organizations as it might affect the operations of the ARD Subsidiary Office in Macedonia	USAID provided an informal response saying that it is not aware of any changes to the current operations of the ARD subsidiary office based on the new law.
Key Personnel and Additional Obligated Funding Approval	ARD BTV requested additional obligated funding approval	USAID issued Contract Modification #7 to update key personnel and increase the total obligated amount by \$826,960, thus fully funding the contract with \$5,849,960.

1.9.1.4 Staff Development

Activity	Expected Result	Result Achieved
Virtual CoP and DCoP orientation meetings with ARD home office on program operations, grants, M&E, procurement, closeout	Newly appointed CoP and DCoPs gain full knowledge of program operations, grants, M&E, procurement, closeout	Over a period of 4 days, orientation meetings were held with the home office for control and management of program operations, grants, M&E, procurement, and closeout
New intern	Hire a new intern that will be properly trained in performing general office support work	New intern hired and trained; previous intern given the responsibilities of Technical Operations Assistant.
Local staff final year employment agreements	Inform staff about ARD closeout employment contracts plans and issue new contracts for the remaining term of AgBiz	3 local staff contracts expired and new agreements issued until February 15, 2011 for non-key personnel and March 18, 2011 for key personnel.

1.9.2 Work Completed during the Quarter

1.9.2.1 RCI – Fifth Annual Regional Event in Sarajevo

DESCRIPTION/OBJECTIVE: In April, the AgBiz CoP participated in the USAID's Regional Competitiveness Initiative Annual Meeting in Sarajevo, Bosnia and Herzegovina. The goal of the meeting was to enhance cooperation between projects and donors, present selected successes, exchange experiences, find ways for regional approaches and interactions, and utilize lessons learned.

OUTCOME/FOLLOW-UP: The AgBiz CoP made a presentation on Macedonian experience on backward linkages and its importance for successful regional trade cooperation. A Serbia agribusiness project representative presented on the new specialty food trade fair in Belgrade, Culinaria, that can represent a significant regional trade fair for special value added products from Macedonia. In addition to agriculture, the meeting focused on regional cooperation in the information technology industry and work force development. There were officials present from USAID/Washington, DC. Macedonia was represented by the USAID EG Director, the AgBiz COTR, BEA, MCP, Center for Entrepreneurship and Executive Development (CEED), and “Explore Macedonia.”

The close contacts and exchange of experience with Macedonian and the regional CEED representatives resulted in additional meetings for extended cooperation and plans for further cooperation in the fourth quarter.

1.9.3 Program Administration and Control

1.9.3.1 Project Implementation

Activity	Expected Result	Result Achieved
Grant-related Procurement Procedures	Staff and grantees properly utilize checklists and grant implementation procedures	The grant procedure checklist was used for the one remaining grant (Agrolozar/Dalvina) to ensure that proper procedures are being followed for grantee reimbursement. An ongoing record in the AgBiz MIS is kept of grant payments versus the approved the award budget.
Grant Expenditures	Reimbursement and direct procurement proceed smoothly, in compliance, and as projected	Continued with established project administration and control processes to assure compliance with USAID grant-related rules and regulations.
Project Implementation Monitoring and Support	PC closely monitors implementation of the remaining project to help keep it on schedule and achieve projected results; a monthly project review held with the CoP; grantee and AgBiz investment schedules updated based on experience to date	The PC assigned to the remaining project is responsible for on-site monitoring; the Contracts Department double checks that proper procedures are being followed before any AgBiz-supported procurement is approved by the CoP and that all requirements are fulfilled before a grantee is reimbursed.
Project Implementation Monitoring	Monthly project reviews for each VC held with the DCoP	The DCoP and the each PC held monthly meetings to review the status of all grants.
Project Implementation Schedules	Grantee and AgBiz investment schedules updated based on experience to date	Grantee and AgBiz investment schedules were updated monthly based on experience to date.
Grantee Reporting	Quarterly reports enhanced in completeness and overall quality	Each grantee submitted a quarterly progress report to provide assessment of work progress, constraints encountered, and actions to minimize the constraints and/or correct problems.
Grants Closeout Batch 2	Proper closeout procedures initiated for grants terminating at the end of March	Proper closeout procedures completed for grants terminating at the end of March. Final reports and accompanying documentation due by the end of April 2010, a month from the grant closing date, were received by AgBiz. Final Certifications of Completion sent to ARD home office.

1.9.3.2 Project Reports

1.9.3.2.1 Project Expenditures

Table 1 below lists the value of all signed projects and the value of AgBiz and grantees expenditures on each at the end of the quarter. By the end of the quarter AgBiz had contributed a total of \$490,697 to the 20 projects, not including environment-related work, and grantees had contributed \$7,862,247. This represents 97% of the AgBiz agreed support and 145% of customers' reported contributions to projects. One hundred and forty-one percent, or \$8.3 million, of total project expenditures had been completed by the end of the quarter. The higher percentage of expenditures than projected is due to the fact that grantees invested more than projected in the grant award budgets.

Agrohemija	30,000	30,141	0	100%	2,025,500	2,026,198	0	100%	7/3/08–12/15/09
Agroloza/Dalvina	20,000	14,954	5,046	75%	351,000	426,770	-75,770	122%	4/1/09–9/30/10
Agros 2004	38,900	38,654	0	99%	68,579	69,059	0	101%	7/3/08–12/31/09
Avto Ria Doel	19,800	19,531	0	99%	104,800	106,898	0	102%	7/3/08–12/31/09
Badzo	30,000	24,500	0	82%	40,749	42,752	0	105%	7/3/08–12/31/09
Bonum Plus	39,925	39,945	0	100%	229,881	2,026,120	0	881%	7/3/08–12/31/09
Bovin	25,000	24,936	0	100%	205,660	277,665	0	135%	7/3/08–12/31/09
Dentina	40,007	40,008	0	100%	147,394	147,394	0	100%	7/3/08–12/31/09
Flores	15,000	15,001	0	100%	110,927	110,940	0	100%	7/3/08–12/31/09
GD Tikves	30,000	31,415	0	105%	180,500	180,500	0	100%	10/3/08–3/29/10

TABLE I. GRANT DISBURSEMENTS REPORT									
Customers	Approved Budget	Items Paid by AgBiz			Approved Budget	Items Paid by Customers			Period of performance
		Exp. to date	Remaining Balance	Paid %		Exp. to date	Remaining Balance	Paid %	
Inter-Mak	20,000	19,940	0	100%	454,600	510,600	0	112%	10/3/08–3/29/10
Kokolanski	7,050	7,097	0	101%	35,380	35,380	0	100%	10/3/08–3/29/10
Koro	15,000	15,122	0	101%	108,000	108,000	0	100%	10/3/08–3/29/10
Lars	20,000	19,769	0	99%	176,928	183,428	0	104%	10/3/08–3/29/10
Ledra Agro	20,000	20,086	0	100%	150,000	150,001	0	100%	10/3/08–3/29/10
Peca Komerc	30,000	30,038	0	100%	147,237	150,146	0	102%	10/3/08–3/29/10
Popova Kula	40,026	39,057	0	98%	169,468	169,468	0	100%	10/3/08–3/29/10
Valandovo Winery	25,000	21,500	0	86%	195,456	361,362	0	185%	10/3/08–3/29/10
Vigan	15,000	15,125	0	101%	180,000	350,000	0	194%	11/15/08–3/29/10
Vipro	24,000	23,878	0	99%	355,313	429,566	0	121%	7/3/08–12/31/09
	504,708	490,697	5,046	97%	5,437,372	7,862,247	-75,770	145%	
TOTAL									
	Approved Budget	Exp. to date	Remaining Balance	Paid %					
	5,942,080	8,352,944	5,046	141%					

1.9.3.2 Project Status

Table 2 below lists the status of all projects at the end of the quarter. Only one project is currently being implemented, while the other 19 have been successfully closed out. The presented cumulative results achieved through December 31, 2009 take into account customers' 2009 official financial data, thus enabling us to report more realistic increased production, marketing, and employment indicators. More specifically, \$4.4 million in increased exports, \$6.1 million in increased raw material purchases, over \$7.8 million in investment stimulated, around 15,800 rural families benefitted with additional income, and 561 new equivalent jobs were created for the time period of one and a half year. These are impressive results for an AgBiz/USAID investment of less than \$500,000.

1.9.3.3 Environmental Protection

Table 3 shows the status at the end of the quarter of the environmental mitigations included in project grants. As can be noted from this table, the vast majority of mitigations have been completed or are proceeding as scheduled. (For more details see "*Environment Mitigation Plan*" on the CD-ROM version of this report).

1.9.3.3 Activity Reports

1.9.3.3.1 Activities Status

Table 4 shows the status of all activities at the end of the quarter, as well as the achieved impact of completed activities. Activities completed during the quarter had a total cost of \$92,171 to which AgBiz contributed 53%. Completed activities provided support to five trade associations or producer organizations and 35 agribusinesses. Fifteen new export customers were identified by the participants in the completed activities and it resulted in receiving €450,000 worth of export orders. Participants gave the activities an average level of satisfaction score 4.96 out of 5.0.

TABLE 2. PROJECT STATUS REPORT

IN IMPLEMENTATION											
			PROJECTED RESULTS								
PROPOSAL NUMBER	PC	CUSTOMER	TOTAL COST (US\$)	AGBIZ COST (US\$)	AGBIZ (%)	TOTAL SALES GROWTH (€)	EXPORT SALES GROWTH (€)	INCREASED RAW MATERIAL PURCHASES (€)	CUSTOMER INVESTMENT (US\$)	RURAL HOUSEHOLDS BENEFITED	INCREASED EMPLOYMENT
20	Damovski	Agrolozar/Dalvina	371,000	20,000	5%	55,691	30,114	260,163	426,770	77	27
WINE VC SUBTOTAL			371,000	20,000	5%	55,691	30,114	260,163	426,770	77	27
COMPLETED											
CUMULATIVE RESULTS ACHIEVED THRU 31 DECEMBER, 2009											
PROPOSAL NUMBER	PC	CUSTOMER	TOTAL COST (US\$)	AGBIZ COST (US\$)	AGBIZ (%)	TOTAL SALES GROWTH (EUR)	EXPORT SALES GROWTH (EUR)	INCREASED RAW MATERIAL PURCHASES (EUR)	CUSTOMER INVESTMENT (US\$)	RURAL HOUSEHOLDS BENEFITED	INCREASED EMPLOYMENT
2	Risteovski	Agros 2004	107,479	38,900	36%	239,024	126,829	253,496	69,059	294	6
3	Risteovski	Badzo	70,749	30,000	42%	-72,311	1,703	631,968	42,752	193	36
13	Risteovski	GD Tikves	210,500	30,000	14%	1,219,512	682,927	292,683	180,500	498	86
16	Risteovski	Ledra Agro	170,000	20,000	12%	244,901	154,336	131,707	150,001	60	15
18	Risteovski	Peca Komerc	177,237	30,000	17%	1,532,436	1,459,537	998,163	150,146	1,313	7
10	Risteovski	Agrohemija	2,055,500	30,000	1%	528,455	385,366	528,455	2,026,198	28	28
FRESH FRUITS AND VEGETABLES VC SUBTOTAL			2,791,465	178,900	6%	3,692,017	2,810,698	2,836,472	2,618,656	2,386	178
1	MAP	Vipro	379,313	24,000	6%	578,113	497,075	150,187	429,566	378	15
4	MAP	Avto Ria Doel	124,600	19,800	16%	471,011	410,750	361,789	106,898	114	7
5	MAP	Bonum Plus	269,806	39,925	15%	-517,803	-676,626	102,324	2,026,120	381	35
6	MAP	Dentina	187,401	40,007	21%	704,013	592,746	117,886	147,394	147	26
8	MAP	Lars	196,928	20,000	10%	537,528	527,447	305,691	183,428	353	36
PROCESSED VEGETABLES VC SUBTOTAL			1,158,048	143,732	12%	1,712,862	1,351,392	1,037,877	2,893,406	1,373	119
7	Angelovski	Kokolanski	42,430	7,050	17%	-4,487	-4,756	14,242	35,380	119	-1
12	Angelovski	Flores	125,927	15,000	12%	-1,026,812	-1,058,754	-330,658	110,940	1,516	8
14	Angelovski	Inter-Mak	474,600	20,000	4%	-311,211	-313,324	346,471	510,600	727	41
15	Angelovski	Koro	123,000	15,000	12%	560,382	299,693	-39,876	108,000	7,518	8
19	Angelovski	Vigan	195,000	15,000	8%	243,577	260,163	178,537	350,000	1,416	1
WILD GATHERED PRODUCTS VC SUBTOTAL			960,957	72,050	7%	-538,551	-816,978	168,716	1,114,920	11,296	57
11	Damovski	Bovin	230,660	25,000	11%	157,006	-133,559	88,066	277,665	80	1
17	Damovski	Valandovo Winery	220,456	25,000	11%	-120,445	-76,587	55,869	361,362	528	152
9	Damovski	Popova Kula	209,494	40,026	19%	18,316	-35,073	-81,301	169,468	49	27
WINE VC SUBTOTAL			660,610	90,026	14%	54,877	-245,219	62,634	808,495	656	180
Completed Total:			5,571,080	484,708	9%	4,921,205	3,099,893	4,105,699	7,435,477	15,711	534
Being Implemented and Completed Total:			5,942,080	504,708	8%	4,976,896	3,130,007	4,365,862	7,862,247	15,788	561

TABLE 3. ACTIVITIES STATUS REPORT

POSSIBILITIES							
MIS Code	ACTIVITY	COORDINATOR	PARTNERS	*ACTIVITY COST (US\$)			DESRPTION/COMMENT
				TOTAL	AGBIZ	AgBiz Percentage	
867	Sales Mission Rijeka, Croatia, and Slovenia Trade Mission	Goran Angelovski	Agro Zona	0	0	0 %	Participants to establish linkages with the companies present on the Rijeka Wholesale Market as buyers and resellers of fresh products
876	Strengthening of TA Wines of Macedonia–Access to MIS Euromonitor Market information for wine	Goran Damovski		0	0	0 %	Provide detailed and updated information on the regional and European wine markets and market research information
TOTAL				0	0	0 %	
APPROVED AND UNDER DEVELOPMENT							
MIS Code	ACTIVITY	COORDINATOR	PARTNERS	*ACTIVITY COST (US\$)			DESRPTION/COMMENT
				TOTAL	AGBIZ	AgBiz Percentage	
872	Foreign Direct Investment in Agricultural Commodity Exchange Market in Kochani	Lovre Risteovski		0	0	0 %	Attract FDI, which will result in local area development and will have implications on development on overall fresh fruit and vegetables value chain
873	Wine Roadshow Presentations of Macedonian Wineries in Poland and The Netherlands	Goran Damovski		0	0	0 %	Increase the awareness of Macedonian wines in two destination (target) countries
874	Integrated Strategy to Accelerate the Development of the Processed Vegetables Value Chain	Saso Risteski		0	0	0 %	Elaborate existing shortcomings that constrain the competitiveness and impede the more rapid development of the VC
222	IPARD Study Tour to Bulgaria	Lovre Risteovski		0	0	0 %	Introduce effectively prepared and successful implemented SAPARD projects by the relevant consultant company
847	Web Sites for the WGP Association Shumski Plod and VC Companies	Goran Angelovski		0	0	0 %	Increase marketing capacity of the WG TA and WGP VC participants
TOTAL				0	0	0 %	
ALL AGREEMENTS SIGNED AND IN IMPLEMENTATION							
MIS Code	ACTIVITY	COORDINATOR	PARTNERS	*ACTIVITY COST (US\$)			DESRPTION / COMMENT
				TOTAL	AGBIZ	AgBiz Percentage	
861	Fresh Apple Exports to India	Lovre Risteovski	USAID/MCP	0	0	0 %	Establish a linkage between the Indian trader and Macedonian exporting companies
862	Wine Sector Export Marketing Plan Development	Goran Damovski	CBI	0	0	0 %	The plan will allow focused and coordinated effort of all relevant stakeholders in the wine VC to pursue a national wine export promotion program
858	Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture	Vasko Hadzievski	CERM	0	0	0 %	Assess the seasonal labor in agribusiness problem, with a focus on the impact on the export competitiveness and sustainability of agribusinesses
845	Bi-Monthly Market Information Newsletter for Each VC	Natasha Stankovic		0	0	0 %	Enhance customers' interest in market information
868	Sales Mission with SIPPO–Swiss Importers Meet Macedonian FF&V exporters	Lovre Risteovski	SIPPO	0	0	0 %	Establish contracts for export of fresh fruits and vegetables to Switzerland and EU
320	World Food Trade Fair Moscow 2010	Lovre Risteovski	Russian CoC	0	0	0 %	Support Macedonian companies to present themselves at one of the most relevant trade shows in the Russian Federation
226	Shumski Plod Members Study Tour to the Bulgarian WGP Association	Goran Angelovski		0	0	0 %	Transfer of knowledge regarding the management and the services offered by the Bulgarian association to its members
870	Support to Shumski Plod in Addressing the Multiple Taxation of the WGP PIRN by Engaging a Legal Expert	Goran Angelovski		0	0	0 %	Support Shumski Plod association in addressing the issue of multiple taxation of the WGP
871	Production of Value Added Viktorija Table Grape for International Market	Lovre Risteovski		0	0	0 %	Increase production and export competitiveness of value added Viktorija table grape on international markets
875	Assessment of the Impact Government Subsidy Program on Export Competitiveness of Macedonian Agribusiness	Vasko Hadzievski		0	0	0 %	Concentrate on export oriented VCs that in the past 5 years had best results with special emphasis on AgBiz-supported VCs
836	Pilot Regional Market Information Dissemination Activity with Moja Zemja Magazine	Natasha Stankovic	FFRM	9,035	7,860	87 %	Effective presentation of valid, accurate, and up to date market information relevant to AgBiz supported VC products and operators
TOTAL				9,035	7,860	87 %	
COMPLETED							

TABLE 3. ACTIVITIES STATUS REPORT

MIS Code	ACTIVITY	COORDINATOR	PARTNERS	*ACTIVITY COST (US\$)			# of Producer Organization /Business Ass. that received assistance	# of Agribusiness firms that received assistance	Value of new orders	# of New Customers	# Individuals Received Assistance (evaluation score)	
				TOTAL	AGBIZ	AgBiz Percentage					TOTAL	Average score
133	UC Davis Post-Harvest Training	Lovre Ristevski		13,116	13,116	100 %	0	0	0	0	2	0.00
224	Study Tour for Modern Post-harvest Handling Capacity Building in Holland	Lovre Ristevski	NL Agro Vinica	24,615	9,809	40 %	0	5	300,000	11	5	5.00
FRESH FRUIT AND VEGETABLES VALUE CHAIN TOTAL				37,731	22,925	61 %	0	5	300,000	11	7	5.00
225	Study Tour and B2B in Canada	Saso Risteski		23,655	7,955	34 %	0	7	150,000	4	7	4.95
865	Establishing Model Production Contract between PV Processors and Primary Producers	Saso Risteski	MAP	2,785	895	32 %	1	0	0	0	0	0.00
866	Survey on the Performance of the PV VC Industry in 2009	Saso Risteski	MAP	4,758	2,265	48 %	0	0	0	0	0	0.00
PROCESSED VEGETABLES VALUE CHAIN TOTAL				31,198	11,115	36 %	1	7	150,000	4	7	4.95
221	FF&V Companies IPARD Study Tour in Croatia	Lovre Ristevski	Biotehnicon	13,991	6,511	46 %	1	4	0	0	6	4.93
856	Updating the Agribusiness Finance Manual	Lovre Ristevski	Planum Consulting	3,909	3,909	100 %	0	0	0	0	0	0.00
ACCESS TO FINANCE AREA OF FOCUS TOTAL				17,900	10,420	58 %	1	4	0	0	6	4.93
857	Assessment of AgBiz VC Participants Usage of Backward Linkages	Goran Angelovski	Fagricom	3,182	3,182	100 %	0	0	0	0	0	0.00
BACKWARD LINKAGES AREA OF FOCUS TOTAL				3,182	3,182	100 %	0	0	0	0	0	0.00
859	Assessment of the Interest and Commitment of Fresh Produce VC Participants to Establish a Trade Association	Goran Angelovski		408	408	100 %	1	10	0	0	0	0.00
617	Technical Assistance for Legal Registration of the FF&V Association	Goran Angelovski		1,752	926	53 %	1	9	0	0	0	0.00
616	Support of Shumski Plod to Develop a 5-Year Strategy, Activities, and Financing Plan for the Association	Goran Angelovski		0	0	0 %	1	0	0	0	0	0.00
ASSOCIATION DEVELOPMENT AREA OF FOCUS TOTAL				2,160	1,334	62 %	3	19	0	0	0	0.00
TOTAL				92,171	48,976	53 %	5	35	450,000	15	20	4.96
ON HOLD OR DROPPED												
MIS Code	ACTIVITY	COORDINATOR	PARTNERS	*ACTIVITY COST (US\$)			DESCRIPTION / COMMENT					
				TOTAL	AGBIZ	AgBiz Percentage						
134	OIV Wine Marketing Program at UC Davis	Goran Damovski		0	0	0 %	Activity canceled due to unexpectedly rescheduled visit of important importers to participating wineries					
TOTAL				0	0	0 %						

TABLE 4. IMPLEMENTATION STATUS OF ENVIRONMENT MITIGATION MEASURES

Grantees	Pesticide Training	Harvester Maintenance	Public Participation	Screening	Flesh Freezing	Asbestos Signs	Metal Roofing Supports	Cleaner Production	Waste Water Treatment	Waste Water Report	Chemical Storage	Agrochemical Storage	Dust	Good Agricultural Practices (GAP)	Fumigation	Permits	Supplemental Pollution Prevention Assessment	Monitoring	Agrochemical Storage	MSDS	Fumigation	
Agros 2004	√	√	√																			
Avto Ria			√	√	√																	
Badzo			√			Δ		Δ														
Bonum plus			n/a			Δ		√	Δ						√			√				
Dentina			√			√		√	√		√				√			√				
Kokolanski			√					√							√			√				
Lars	n/a		n/a			√		Δ	√						√			√				
Popova Kula	√		√						√						√			√				
Vipro			√			√	√	√	√						Δ			Δ				
GD Tikvesh	√		√												√							
Agrohemija	√		√									√			√							
Valandovo	√		√					√		√		√			√			√		√		
Bovin	√		n/a					√							√			√				
Vigan			√						√						√			√			n/a	
Ledra Agro	√		√												Δ			√				
Flores			*			√							√	√		*						
Koro			n/a												√							√
Peca Komerc			√												√					√		
Agrolozar Dalvina	√		n/a						*							*	√	√				

LEGEND

√	completed to date
n/a	not applicable
*	scheduled to be completed by end of the grant
Δ	to be completed upon the EMMP attached

1.9.3.4 Agreements Signed Report

Table 5 below shows that a total of 14 agreements were signed in Macedonia during the quarter with eight of them involving \$52,283 in direct payments to vendors. Nearly all agreements were with Macedonian companies or individuals.

TABLE 5. AGREEMENTS SIGNED								
Number	Company/Person	Type of Contract	Submitted to USAID	USAID CO	USAID COTR	Signed	Person Responsible	US\$
087	Nama Legal Registration of FV&F Association	AD, SoW	12-Apr-10	NR	12-Apr-10	13-Apr-10	Goran A.	\$1,019
	World Food Moscow	Activity Description	4-May-10	NR	4-May-10	NA	Lovre	\$20,874
088	World Food Moscow, Chamber of Commerce	FFPC	4-May-10	NR	4-May-10	7-May-10	Lovre	\$7,720
Lol	World Food Moscow, Agrohemija	Lol	4-May-10	NR	4-May-10	7-May-10	Lovre	
Lol	World Food Moscow, Badzo	Lol	4-May-10	NR	4-May-10	7-May-10	Lovre	
Lol	World Food Moscow, Vardar Gradsko	Lol	4-May-10	NR	4-May-10	7-May-10	Lovre	
	Canada ST	AD	27-Apr-10	NR	27-Apr-10	NR	Saso	
	Canada ST, MAP	Lol	27-Apr-10	NR	27-Apr-10	27-Apr-10	Saso	\$8,300
	Sarajevo RCI	Travel	27-Apr-10	NR	27-Apr-10	NR	Vasko	
	Saso Risteski, Industry Survey	Consulting Contract	12-Apr-10	NR	12-Apr-10	13-Apr-10	Sasho	\$2,440
	Shumski Plod BG ST	SoW	26-May-10	NR	26-May-10	NA	Goran A.	
	Viktorija Table Grape Agrohemija	SoW	28-May-10	NR	28-May-10	NA	Lovre	
	Viktorija Table Grape Agrohemija	Lol	28-May-10	NR	28-May-10	1-Jun-10	Lovre	
	Viktorija Table Grape Krum Boshkov	Consulting Contract	28-May-10	NR	28-May-10	1-Jun-10	Lovre	\$4,830
	Kochani Holland FDI	AD	28-May-10	NR	28-May-10	NA	Lovre	
	SIPPO Buying Mission Swiss importers	AD	31-May-10	NR	31-May-10	NA	Lovre	
	Web Site WGP	AD	1-Jun-10	NR	1-Jun-10	NA	Goran A.	
	Web Site WGP	3 Party FFPC	1-Jun-10	NR	1-Jun-10	24-Jun-10	Goran A.	\$2,050
	Multiple Taxation	AD	3-Jun-10	NR	3-Jun-10	NA	Goran A.	
	Marketing Training at UC Davis for Wineries	AD	15-Jun-10	NR	15-Jun-10	NA	Damo	
	Strategy PV VC	AD	14-Jun-10	NR	15-Jun-10	NA	MAP	
	Strategy PV VC	MoU	14-Jun-10	NR	15-Jun-10	5-Jul-10	MAP	
	Assessment of AG Subsidies	AD	15-Jun-10	NR	15-Jun-10	NA	Vasko	
089	Assessment of AG Subsidies	FFPC Epicentar	16-Jun-10	NR	16-Jun-10	2-Jul-10	Vasko	\$4,500
	Shumski Plod BG ST	Consulting contract	26-May-10	NR	26-May-10	12-Jul-10	Goran A.	\$550
TOTAL								\$52,283

I.9.4 Quantitative Performance Indicators

This section describes key indicator accomplishments during the quarter (Table 6).

DESCRIPTION: AgBiz performance indicators are a set of quantitative measurements used to present program results to AgBiz management and USAID. Table 6 shows progress on the agreed indicators during this quarter, excluding indicators that are reported only on an annual basis.

OBJECTIVE: Use performance indicators as both a management tool to track the results of project and activity implementation, as well as to prepare progress reports to USAID.

OUTCOME: Progress toward achieving qualitative program objectives was very satisfactory during the quarter, and the trend of overachieving both qualitative and quantitative indicators objectives continues. Although indicator achievements are not necessarily evenly distributed throughout the year, almost 80% of the indicators reported on a quarterly basis are overachieved. Since the end of the third quarter represents 75% of the FY, an indicator that is at least 75% accomplished can be said to be on-schedule.

Thirty-five agriculture-related firms and five POs and trade associations benefitted from the activities completed during the quarter, and a range of marketing and competitiveness enhancement trainings were delivered to 20 individuals. Over \$180,600 of financing opportunities were identified for three customers.

The participation of 12 customers in two study tours (Modern Post-harvest Handling Capacity Building in Holland and Study Tour and B2B in Canada) resulted in €450,000 worth of new orders, while customers that participated in the Anuga Trade Fair in October 2009 have reported additional orders valued at €58,000.

Over \$200,000 of investment was stimulated from customers, and AgBiz contributed an average of 24% of the total direct cost of the activities and projects implemented during the quarter, thus achieving very good resource leveraging.

TABLE 6. THIRD QUARTER INDICATOR ACHIEVEMENTS				
INDICATORS	This Quarter	FY to Date	FY 2010 Objective (10/2009 9/2010)	Performance (FY %)
1. Increased Raw Material Production and Products Marketing				
1.11 Value of new orders (in 000€) from trade fairs, B2B meetings, and fast-track projects	508.00	6,886.92	2,700.00	255 %
1.12 Number of new customers from trade fairs, B2B meetings, and fast-track projects	15	139	24	579 %
2. Increased Coverage and Assistance to Value Chain Participants				
2.1 Number of producer organizations receiving assistance	2	4	5	80 %
2.3 Number of agriculture-related firms receiving assistance	35	68	76	89 %
2.4 Number of trade and business associations receiving assistance	3	4	4	100 %
3. Building Human Capacity				
3.1 Number of male individuals who have received short-term agriculture or agribusiness productivity enhancement training	17	294	93	316 %
3.2 Number of female individuals who have received short-term agriculture or agribusiness productivity enhancement training	3	107	47	228 %
4. Value of Investment Stimulated and Leveraging Achieved				
4.1 Value of customer investment stimulated (000US\$)	205.10	1,322.40	2,213.53	60 %
4.2 Value of third party domestic investment stimulated (000US\$)	0.00	190.09	0.00	100 %
4.3 Value of total domestic investment stimulated (000US\$)	205.10	1,512.49	2,213.53	68 %
4.4 Value of foreign direct investment stimulated (000US\$)	0.00	0.00	0.00	0 %
4.5 Leveraging achieved by AgBiz (%)	24 %	16 %	50 %	313 %
5. Increased Access to Finance				
5.1. Value of customer financing (potential loans) identified (000US\$)	180.62	686.24	610.00	112 %
5.2. Number of new customers provided access to finance assistance	3	10	11	91 %

TABLE 6. THIRD QUARTER INDICATOR ACHIEVEMENTS

INDICATORS	This Quarter	FY to Date	FY 2010 Objective (10/2009 9/2010)	Performance (FY %)
7. Policy and Institutional Reform				
7.1. Number of policy and institutional constraints identified and prioritized	3	8	7	114 %
8. Outreach				
8.1. Number of Success Stories produced and published	3	8	13	62 %
8.2. Number of media exposures (TV, radio, and newspaper)	28	50	34	147 %

2.0 OPERATIONAL CHALLENGES ENCOUNTERED

Most of the operational challenges previously reported remained in effect during this quarter. Key AgBiz operational challenges encountered are outlined below, separated into external and internal challenges.

2.1 EXTERNAL

The following are operational challenges over which AgBiz has minimal control. However, descriptions of the project's positive impacts are indicated where applicable.

2.1.1 Global Economic Crisis

2.1.1.1 *Influence of the Economic Slowdown on the Financial Sector*

In 2009, the global economy faced one of the deepest recessions. Although it first appeared in the developed economies, this soon became a synchronized recession, thereby reaffirming the high degree of global trade and financial integration. The uncertainty of the intensity of the effects of the crisis and its time span has been reaffirmed through the constant pessimism of global growth projections. These estimations mostly pointed to a downward spiral, with the exception of the last projections made when the positive shifts of the global economy led to estimations anticipating smaller decrease of the global GDP. This shift clearly points out to the unusually high uncertainty of the projections. The effects of the crisis in developing economies was mainly reflected in lowered demand for exports, limited capital flows, and worsened expectations.

The positive trend of improving loan conditions continued in the third quarter. Therefore, the majority of the banks (over 40%) estimated that the conditions for granting loans to companies improved during the quarter.

Regarding loan application, banks recorded an increased number of applications compared with the previous quarter. Changing monetary policy has reflection on bank interest rates, but mostly in the corporate sector. The number of banks that have decreased their interest rate is larger than in the previous quarter (74.7% of the banks had a slight decrease interest). Other terms and conditions connected with corporate loans, from the net percentage point of view, are evidently relaxing. The biggest impact on the relaxation of loan terms and conditions are factors related to credit risk assessment, compared to past periods when conditions were very restrictive. These changes are consistent with a generally more stable financial environment. However, expectations for overall economic activity, the stability of applicants, and the possibility for collateral utilization and better liquidity of the banks are factors that influenced the relaxation of loan terms and conditions.

Banks normalized their requests, collateral requirements become competitive, and terms and conditions are almost on pre-crisis levels. Opportunities for new types of financing are still small, but recent IPARD funding should result in modest improvements in the second half of 2010.

2.1.1.2 *Influence of the Economic Slowdown on AgBiz Value Chains*

Fresh Fruits and Vegetables. The situation for the FF&V VC was not solved or dramatically improved during the quarter. The issue of receivables from big export customers such as Konzum, Merkator, and Delta is still a big problem for AgBiz customers. Due to delayed receivables collection, and the associated very negative impact on cash flow, a reassessment of relations with banks was needed. Companies have problems with their existing loans and are renegotiating repayment terms. Availability of finance, new loan application procedures, and collateral requirements have become more satisfactory, and almost on the levels seen before the crises. Export insurance is still an appropriate mechanism for solving this issue. A minimum of 90% of approved exports can be covered. This product improves export sales and helps to minimize payment risk for sales not covered with a letter of credit or guarantee. AgBiz still supports the Macedonian FF&V exporters to use an export insurance policy as collateral for short-term working capital loans and thereby make significantly improvements in cash flow. To compensate for the effect of global economy slowdown, AgBiz supported FF&V VC participants to enter new markets, especially EU markets, during the quarter through the arrangement and facilitation of B2B meetings during study tours to Holland and Croatia.

Processed Vegetables. The global economic crisis negatively impacted processing companies' sales projections, extended receivables collection, and reduced the working capital available for buying fresh vegetables. Significantly reduced orders from foreign buyers for frozen products were experienced (-20% in volume as compared to the previous season), while the market for canned products remained stable. The industry purchased fewer raw materials in 2009 than in 2008, while overall sales increased slightly. Overall sales to EU markets were less than in 2008, while sales improved to regional markets.

Wine. Although the negative effects of the global economic slowdown have slowed in some markets, with initial signs of recovery, the Macedonian wine industry continued to struggle with a negative growth trend. Under pressure from declining demand, importers are still reluctant to take significant quantities of new orders, and are extremely cautious about expanding their portfolios. Due to weakened liquidity, and being eager to secure the required minimal financial conditions before the forthcoming season, the wineries managed to export even slightly larger quantities in the first two quarters of 2010 than in the same period in 2009, but it was done predominantly via significant reductions in price, particularly for bottled wine. Data shows that the average price for bottled wine dropped from €1.51 to €1.24 per liter, whereas the average price for bulk declined from €0.44 to €0.36. As a result, wineries are especially energized to secure the domestic market. Several of the largest wineries developed and launched special wine product lines positioned below a 200 MKD shelf price.

It is expected that a lack of favorable access to financial resources and the significant surplus of wine will reduce demand for grapes in the forthcoming season. Therefore, AgBiz encouraged the MAFWE to coordinate with the largest wineries and develop measures to help the viticulture and wine value chain to overcome the situation and continue to develop its export competitiveness.

2.1.1.3 *Development and Implementation of a Well-Coordinated and -Supported Approach to Export Promotion*

After the charter of Invest Macedonia Agency was official expanded to include export promotion, AgBiz initiated a meeting with the agency to discuss the possibilities for close cooperation in enhancing export competitiveness of products from AgBiz-supported VCs. Together with the USAID EG Director and COTR, AgBiz management held a meeting with the Managing Director of MakInvest. It was confirmed that the agency, using international experts, will start developing a new strategy for export promotion, including selection of the most competitive Macedonian products that will be supported, and will define the approach and level of agency intervention. USAID expressed its readiness, through AgBiz and the Competitiveness Project, to significantly contribute to the strategy's design. AgBiz offered its expertise and assistance in securing close cooperation with private sector participants from the program's supported VCs. It was agreed that after the arrival of the leading experts and creating the initial outline, AgBiz will help coordinate input from agribusinesses into the strategy development process.

Nevertheless, MakInvest must in parallel build internal capacity for export promotion. The agency used the offered assistance from CBI that coordinated a specialized training for economic promoters in export

promotion and techniques that can be used in export promotion. It is expected that the strategy will be finalized and an action plan budget completed before the end of the year.

2.1.2 Effective IPARD Utilization

The GoM, through the local representation offices of the Ministry and the Public Revenue Office, has eased the IPARD application process by shortening the time required for issuing the necessary documents. In addition, more information meetings and open roundtables have been organized to inform potential applicants about the conditions and criteria for application. However, due to a lack of sufficient information and the perception of procedures being too stringent, incorrect interpretations of what is needed and how much is needed, and lack of favorable access to finance, farmers and processing and marketing companies were discouraged about applying. Nevertheless, for the first call, 133 applications were received for the three announced measures, with a total amount of €18.5 million or requested co-financing amounting to €9.2 million. After processing the applications and the on-the-spot controls performed by the Agency for Financial Support of Agriculture and Rural Development (AFSARD), the agency approved 28 projects to be co-financed by the IPARD program in the following amounts:

- Measure 101: Investments in agriculture holdings with the purpose of their restructuring and upgrade to reach the community standards – 15 applications with total co-financing amount of €774,000;
- Measure 103: Investments for processing and marketing of agriculture products with the purpose of their restructuring and upgrade for reaching the community standards – 12 applications with total co-financing amount of €1,312,500; and
- Measure 302: Diversification and development of rural economic activities – 1 application in the amount of €26,500.

The total amount of funds to be contracted is €2,113,000.

The IPARD Agency considers the first call to be successful, as almost all money projected for the first round has been committed and 28 contracts have been signed. A proper analysis should be done to assess the structure of the applications, the most common problems in the application process, and common mistakes, so future actions can be planned for improving the next IPARD call. The second Public Call for Funds from the IPARD program 2007–2013 will be announced in September–October 2010.

2.1.3 Minimal Understanding of and Interest in Producer Organizations and Trade Associations

Without a strong trade associations, participants in AgBiz-supported VCs cannot impact policies and practices, i.e., support policies and legislation and act on issues directly linked to development of the VCs. AgBiz sees the lack of trade associations as a primary reason for supporting the formation of new trade associations in the selected VCs such as WGP, wine, and FF&V.

The basic AgBiz approach to association development is to stimulate current or potential members of trade associations in supported value chains to commit to developing and/or making sustainable trade associations.

After a long transitional period, MAFWE has decided to start promoting and supporting the development of producer groups and POs as prescribed by the EU Common Agricultural Policy (CAP). By adopting the new Law on Agriculture and Rural Development, MAFWE and the GoM have committed to implement the requirements of the EU CAP. This is a significant turning point concerning the development of sustainable POs, which in relationship to backward linkages will secure a steady supply of raw materials for fresh exporters and the F&V processing industry. Currently, CAP measures in EU countries play a vital role in ensuring the stability of F&V markets—usually through POs.

The EU CAP supports producers' cooperatives via various measures. The EU CAP allows granting of community aid to producers that are members of a recognized PO. As the other potential member states, Macedonia/MAFWE needs to develop and establish a national strategy for sustainable operational

programs in the fruit and vegetable sector. So far, MAFWE has not started the development of the national strategy or the support measures for POs. A well-developed national strategy with a good set of support measures for the POs is crucial for the future development of POs in Macedonia. Having in mind the capacity and the current structure of the POs in Macedonia (mostly not-for-profit NGOs and few somewhat functional cooperatives), the long-term progress and development of POs is questionable. It is realistic to expect that MAFWE will not dedicate significant resources to the restructuring of the POs.

2.2 INTERNAL TO AGBIZ

Progress on resolving the challenges outlined in this section is important to the success of AgBiz, and is to a great extent under the control of AgBiz and/or USAID.

2.2.1 Market Information

As elaborated in the previous quarter, one of the key obstacles agribusinesses face when developing export marketing strategies is a lack of relevant market information. Business decisions are being made based on insufficient understanding of specific markets and market segments, unconfirmed information on competitors and price positioning, etc. that reduces the likelihood of developing a successful market entry program. Identifying new market opportunities and developing effective and sustainable market entry strategies is of paramount importance to the future success of the Macedonian agribusiness. This cannot be accomplished without an in-depth understanding of export markets and international consumers that will allow agribusinesses to make optimal business decisions that will result in the best use of their limited resources to obtain maximum results. Even the biggest agribusinesses struggle for additional and relevant consumer insights, and try to capture as much market information as possible through published reviews, markets overviews, and available reports.

Unfortunately, the importance of agribusiness exports has not been paralleled with adequate market information support capacity within relevant GoM institutions and ministries. The existing limited institutional competence is insufficient and does not provide the analytical market information support necessary for creating a greater understanding of the market opportunities. The State Statistical Office provides partial data and processes it with almost a year's delay. The Agricultural Market Information System (AMIS) within MAFWE is not fully functional, and data collection is almost exclusively designed for reporting to the EU commission. Hence, there is no entity that tracks market information and data.

Past attempts to create private sector entities that would work in the common interest of value chain participants, including coordinating a market information system, were not successful. The recently established Wines of Macedonia trade association, with the objective of working to improve the overall viticulture and wine industry in Macedonia, enhance the recognition of Macedonian wines on the regional and international markets, and through joint marketing efforts, improve wine exports with an emphasis on bottled wine, understands the need for up-to-date market information, hence requested AgBiz support to gain access to Euromonitor's Passport market information service. This market information package will allow access to relevant market data for all EU and regional markets for a period of 12 months.

Through its input into the Moja Zemija RMI section, market information newsletters, industry performance surveys, a wine sector export marketing plan and association, and/or VC strategies, AgBiz is contributing to creating a much greater understanding of market demand and the need for and use of market information throughout supported VCs.

2.2.2 How to Effectively Implement Policy and Institutional Reforms

During the quarter, PIR identification and prioritization work was continued and enhanced. New PIRNs were identified during the meeting for establishing the FF&V exporters association. AgBiz also worked together with the e-Gov Project and other entities to include information on electronic registering of regular and seasonal employment as a novelty and facilitation for the agricultural sector. With the

registration of the new wine exporters and the FF&V exporters association during the quarter, the project now can expect enhanced PIR advocacy in four VCs. The event for establishing the FF&V trade association resulted in raising PIR needs and initiating an activity to assess the impact of GoM subsidies on export competitiveness, to be developed with MAFWE.

The AgBiz approach to identifying PIRs and addressing PIR issues has been enhanced by involving MAFWE's Department for Agricultural Policies Analyses in regular communications and coordination. The next level of coordination would be their engagement in proposing long-term solutions to higher levels of government.

PIR advocacy regarding the new Law on Wine and Viticulture and the Law on Agriculture and Rural Development was conducted with the heavy involvement of the management board of the new Wines of Macedonia association. AgBiz complemented the efforts of WGP companies by helping them to develop a Five-Year Strategy for their association as one of the AgBiz processes/procedures to support association development. The strategy is expected to be accepted by the Shumski Plod association during the fourth quarter of FY 10 when implementation can officially begin.

3.0 FINANCIAL REPORT

The third quarter financial report is shown below. The report indicates that with 83% of the program term completed, 86% of the total budget has been invested. The original program budget projected greater expenditures in the first three years, so expenditures to date are consistent with plan.

CONTRACT No. EDH-I-03-05-00006-00
Macedonia AgBiz
Quarterly Report
CONTRACT EXPENDITURES through June 30, 2010

Category	Contract Budget	Incurred as of 3/31/2010	Quarterly Costs 4/1/10-6/30/10	Total Costs Accrued as of 6/30/10	Remaining
Total All Other Costs	\$ 5,109,339	\$ 4,204,275	\$ 215,101	\$ 4,419,376	\$ 689,963
Grants	\$ 500,000	\$ 440,053	\$ 21,075	\$ 461,129	\$ 38,871
SUB TOTAL CONTRACT COSTS	\$ 5,609,339	\$ 4,644,328	\$ 236,177	\$ 4,880,505	\$ 728,834
FEE	\$ 240,620	\$ 191,541	\$ 10,628	\$ 202,169	\$ 38,451
TOTAL CONTRACT COSTS	\$ 5,849,960	\$ 4,835,869	\$ 246,805	\$ 5,082,674	\$ 767,286

4.0 PLANS FOR THE FOURTH FISCAL QUARTER

The following sections outline expected AgBiz results for the fourth quarter of FY 2010, organized by AoF. These results will be compared to actual results in the fourth quarterly report. In the fourth quarter, AgBiz will continue to identify, develop, seek approval for, and implement VC and selected AoF competitiveness enhancement activities, and will close out the last grant.

Activity	Expected Result	Projected Completion Date
Fresh Fruit and Vegetables (Lovre)		
Fruit Logistica 2010	6-month follow-up report completed	July 30
Study Tour for Modern Post-harvest Handling Capacity Building in Holland	3-month follow-up report completed	July 30
Improved Production and Adding Value to Viktorija Table Grape to be Competitive for International Markets	Activity completed and activity report prepared	September 20
Foreign Direct Investment in Agricultural Commodity Exchange Market in Kochani	Attract foreign direct investment for exporting Macedonian FF&V produce	Currently on hold
Sales Mission Rijeka, Croatia, and Slovenia	Activity completed and activity results report prepared	August 22
World Food Trade Fair Exhibition 2010, Moscow Russia	Activity completed, AgBiz completed payment with vendor, AD approved, budget determined, participants selected and budget presented to them, Lol signed with participants and contract with vendor.	September 20
UC Davis Post-harvest Training	Activity results report completed, individual guide book in development	August 20
B2B Meetings as a Joint Activity with SIPPO for FF&V Exporters with Swiss Importers in Macedonia	AC, AD, and MoU approved and signed; activity completed	August 30
Fresh Apple Exports to India with MCP	Support communications between the Macedonian suppliers and Indian buyers, assess the realistic export potential for the coming season	September 30
Processed Vegetables (MAP)		
Participation of PV VC members on Polagra Food Fair in Poland September 13–16	AC and AD developed and approved, MoU signed, completion of the activity	September 16
Study Tour & B2B in Canada (3-Month Follow-up)	3-month follow-up completed and outcomes reported	August 21
Study Tour & B2B Promotional Event in the Czech Republic (6-month Follow-up)	6-month follow-up completed and outcomes reported	August 11
Develop Integrated Strategy for the Accelerated Development of the VC	Final document prepared, presented, and approved by PV VC members	September 5
Wine (Damo)		
ProWein Wine 2010 Trade Fair in Dusseldorf	6-month follow-up report completed	September 23
Participation at the Fifth Agricultural Cooperation Forum between China and Central-Eastern European Countries	Investigate opportunities to establish cooperation and trade relationships with potential Chinese buyers	September 29
AgBiz/CBI Platform for Developing a National Sector Export Marketing Plan	Fourth SEMP workshop and final draft of the National SEMP developed	September 30
Wine Roadshow Presentations of Macedonian Wineries in Poland and The Netherlands	AD approved, event organizers in Poland and Netherlands contracted, venue arranged, MoU signed with CBI, Lols with participants signed	September 30
Supporting Trade Association Wines of Macedonia Access to MIS from Euromonitor	Contract signed with Wines of Macedonia and access to MIS from Euromonitor obtained	September 30
Wine Industry Performance 2009 Survey	Survey developed	September 30
Policy and Institutional Reform (Vasko)		
Assessment of GoM Subsidies and their Impact on the Export Competitiveness of AgBiz-supported VCs	Completed	August 30
Enhanced Approach to Policy and Institutional Reform	Regular coordination meetings established with MAFWE's Department for Analysis of Ag. Policies. Ways for enhanced cooperation proposed in the assessment of GoM subsidies activity. Briefing meetings about these efforts conducted with the Minister on a periodic basis.	September 30
Support to Shumski Plod in Addressing Multiple Taxation of WGP PIRN	Activity completed and activity results report prepared	September 30

Activity	Expected Result	Projected Completion Date
Access to Finance (Lovre)		
IPARD Study Tour to Bulgaria	AD approved, vendor selected, Lol signed with participants, activity completed	September 6
Access to Finance Workshops	Activity completed	September 3
Backward Linkages (Goran)		
Support Contract Farming	AD approved, vendor selected, start implementation	September 30
Association Development (Goran)		
Shumski Plod Members Study Tour to the Bulgarian WGP Association	Activity completed and activity results report prepared	September 15
Web Sites for New Associations	Activity completed and activity results report prepared	September 15
Support of FP association with cost sharing to engage a short-term expert/s to develop a strategy, and activities plan for the association	Activity completed and activity results report prepared	September 20
Establish Partnership (Support) Agreements between AgBiz and Selected Trade Association	Activity completed and activity report prepared	September 30
Support Association Development by Organizing a Study Tour/Workshop on Producer Organization via Train-of-Trainers	Activity completed and activity results report prepared	September 15
FF&V Association Management Board Study Tour	Activity completed and activity results report prepared	September 30
Develop an Analysis and Workshop for Supporting the Formation of Producer Groups	Activity in implementation	September 30
Outreach/Market Information/Environment (Nate')		
AgBiz Website	Website updated on an ongoing basis	September 30
Online Registration of Employments for Agribusinesses – Roundtables	Develop and approve AD, develop and sign MOU with USAID's e-Gov Project, organize 2 roundtables in September	September 30
AgBiz Conference and Training Calendar	Provide monthly input on AgBiz activities for USAID's EG Office Event Calendar	September 30
Market Information Newsletters	Complete and disseminate wine newsletter and develop FF&V VC market information newsletter	September 30
Market Information Articles for FFRM's Moja Zemja Magazine	Complete monthly AgBiz market information articles	September 30
Technical Communication Dissemination Plan	Distribute at least 3 pieces of technical information to stakeholders other than customers	Ongoing
Field Trips	Develop and successfully implement field trips with USAID Mission management	September 30
MAFWE Website Updating	Portal updated monthly with AgBiz information or/and provide information to MAFWE on AgBiz planned activities	September 30
Information Sharing with Similar Regional Projects	At least 2 pieces of AgBiz information shared with other regional agribusiness projects	September 30
Success Stories	Monthly stories developed and published	July 31, August 31, September 30
Media Exposures	Accomplish several media exposures presenting AgBiz activities	September 30
Media Tours	Organize Value Chain Media Tours	September 30
Environmental Mitigations	Monitor mitigations completed by the end of the grant	Ongoing
Program Development and Implementation (Natasha and Vasko)		
Quarterly Internal Budget Review	Quarterly internal LoP budget review developed	September 30
Staff Quarterly Performance Evaluations	Quarterly performance evaluations successfully completed	September 30
ARD Subsidiary Office New Representative registered	Authorize new ARD Subsidiary Office representative due to MLGA CoP departure, change Subsidiary Office responsible person	July 31
Grant-related Procurement Procedures	Staff and grantees properly utilizing checklists and grant implementation procedures	September 30
Project Implementation Monitoring & Support	PC closely monitor implementation of the remaining project to help keep it on schedule and achieve projected results. Grantee and AgBiz investment schedule updated based on experience to date	September 30
Grantee Reporting	Quarterly reports are enhanced on completeness and overall quality	September 30
Grants Close out for last Grant	Proper closeout procedures completed for grant terminating end September 2010	October 30
Local Staff final Year employment agreements	Renew employment agreements for remaining 3 local staff	September 30
Transfer Ownership of the Shkoda	Transfer ownership of Shkoda to World Learning per USAID rules and regulations	July 23
Annual Work Plan Workshop	Workshop successfully completed	September 21
Monitoring and Evaluation (Sonja)		
Get USAID approval for the revised PMP	PMP revised based on recent project revisions and approved by USAID	August 31
Receive Post-Evaluation Forms of Completed Activities, Assess Data Quality, and Enter in the MIS	Automated M&E MIS updated	Ongoing
Data Collection and Analysis of Project Derived Indicators	Quarterly progress report customized and disseminated to responsible PCs to be further distributed to grantees	September 30
FY 10 Annual and Fourth Quarterly Report Development	Weekly reports produced during the quarter reviewed and outline responsibilities developed	September 30

Activity	Expected Result	Projected Completion Date
Wine Industry Database	Data on trade flow in Second CY 10 obtained, processed, and database updated	September 20
Importance of Agribusiness to Macedonian Economic Growth Report	Data on Macedonian Agricultural Commodity Exchange in CY 09 obtained and processed, public releases presenting official data on employment in Macedonia and agribusiness share in the GDP obtained from the State Statistical Office and processed accordingly	September 30

5.0 REPORTS PRODUCED DURING THE QUARTER

This section lists the reports produced by AgBiz in this quarter. Due to the total size of the documents, they are presented in a separate CD-ROM.

5.1 EXTERNAL REPORTS

5.1.1 Outreach Releases

AgBiz's Press clippings, Apr–Jun, 2010

AgBiz Program Media Advisory Canada Study Tour

AgBiz Program Press Release Seasonal Workers

Press Release AgBiz Congrats Ceremony

5.1.2 AgBiz Program's Newsletter, Third Issue

5.1.3 Update of the Agricultural Financial Manual

5.1.4 Success Stories

USAID AgBiz Program Success Story “Better Quality Table Grapes for Increased Exports”

USAID AgBiz Program Success Story “Macedonian Processed Vegetables Exporters Successfully Market their Products in Canada”

USAID AgBiz Program Success Story “EU Market Demands Macedonian Fresh Fruits and Vegetables”

5.2 INTERNAL REPORTS

Activity Three-month Follow-up Report “Fruit Logistica 2010”

Activity Results Report “Study Tour for Modern Post-harvest Handling Capacity Building in Holland”

Activity Results Report “UC Davis Post-Harvest Training”

Activity Six-month Follow-up Report “Moscow Wine Trade Fair, 2009”

Activity Three-month Follow-up Report “ProWein 2010”

Activity Results Report “Canada Study Tour for PV VC Members”

Activity Three-month Follow-up Report “Study Tour and B2B Promotional Event in the Czech Republic”

Activity Six-month Follow-up Report “ANUGA 2009 Trade Fair”

Activity Results Report “Establishing Model Production Contract between PV Processors and Primary Producers”

Activity Results Report “Survey on the Performance of the Processing Industry in 2009”

Activity Results Report “FF&V Companies IPARD Study Tour in Croatia”

Activity Results Report “Assess VC Participants’ Use of Backward Linkages for Lessons Learned & Best Practices”

Activity Results Report “Analysis to Identify Interest and Commitment of the FP VC Participants to Establish a Trade Association”

Activity Results Report “Support for Legal Registration of the FP Association”

Activity Results Report “Support for Sumski Plod to Develop a Five-Year Strategy and Action Plan”

Outreach Releases

Environment Mitigation Measures

U.S. Agency for International Development

Macedonia

Samoilova, 21

1000 Skopje, Macedonia

Tel: (+389 2) 310 2000; Fax: (+389 2) 310 2499

<http://macedonia.usaid.gov>