

Agribusiness Expansion Project Results

Saying Goodbye to the Previous and Welcoming the New Chief of Party

“It has been my great pleasure to be associated with the AgBiz Program, from its beginning as a proposal, to its initial start-up, and then for three years as it developed and grew into a mature, substantial and sustainable agribusiness export enhancement program. Over the last three years AgBiz customers have achieved tremendous results from the Activities and Business Expansion Projects supported by AgBiz. To achieve these outstanding results our team of professionals worked closely with our customers to develop and successfully implement their business expansion Projects. I am proud of our common accomplishments!”; said James Maxwell, AgBiz Senior Technical Advisor/Manager and former AgBiz Chief of Party.



Vasko Hadzievski, AgBiz Chief of Party

Building on the AgBiz legacy, and at the same time recognizing the knowledge and substantial skills of local staff, Vasko Hadzievski, previously Activities and Policy Reform Manager, assumed Chief of Party responsibilities in May. Vasko has extensive experience with USAID funded projects. Prior to joining the AgBiz team he worked for the Swedish International Development Agency (SIDA).

Export Expansion Projects Congratulations Ceremony



U.S. Ambassador Philip T. Reeker Addressing the Audience

On May 4th, the AgBiz Program congratulated twenty leading Macedonian agribusiness exporters at an Export Expansion Projects Congratulations Ceremony to honor the successful results of our customers' Business Expansion Projects. The Projects were implemented over an 18 month time period based on grant agreements signed with USAID and its AgBiz Program.

The twenty Projects were selected from 82 received and evaluated applications in the Value Chains supported by AgBiz: Wine, Table Grapes, Fresh Vegetables, Processed Vegetables and Wild Gathered Products.

These Projects focused on making Macedonian agribusiness exports more competitive by adding value to existing products, developing and expanding into new export markets, increasing the capacities of the businesses, and implementing food standards. Value Chain representatives briefly presented the impact of the Projects on both their company and the entire Value Chain. The articles in this Newsletter describe these Value Chain results!

“AgBiz is a prime example of success in tapping into the power of market forces” said U.S. Ambassador Philip T. Reeker at the Congratulations Ceremony. AgBiz expansion Projects generated \$28.5 million of exports in 2009 and stimulated over \$7.6 million of additional private sector investments.”

The Minister of Agriculture, Forestry and Water Economy Mr. Ljupcho Dimovski also addressed the audience that included representatives of relevant Ministries such as: Agriculture and the Ministry of Economy; donor organizations; universities; consulting companies and the media.

Business Expansion Project Results After Completion

- Increased Value of Raw Material Purchases – EUR 4.3 million
- Increased Sales - nearly EUR 5.0 million
- Increased Exports over EUR 3.1 million
- Investment Stimulated \$7.7 million
- Rural Households Benefited – 10,162
- Increased Full Time Equivalent Employment – 561
- USAID Leverage Achieved – 6%

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**Inside the New
Barrique Section at
Bovin**



“This project contributed to improving the image of our winery and made our winery more attractive for tourists! Now we have more frequent tourist visits and have increased demand for Bovin’s high quality wines!”; said Jani Bogeovski, Sales Manager of Bovin - pictured above

**U.S. Ambassador
Visiting Dentina**



“With this grant we were able to increase our production by 100%, reduce our production costs, and increase demand for Dentina’s products in Croatia by 40%.”; said Trajce Karadakovski, Owner of Dentina - first right in the picture above

Wine

The Wine Value Chain (VC) is one of the largest agribusiness value chains in Macedonia, and has great export growth potential.

The VC is represented by 83 officially registered wineries, most of which (90%) have a capacity of less than 50,000 hl., five have between 51,000 and 150,000 hl. Of capacity and 3 wineries between 150,000 hl. and 500,000 litters. Approximately 60% of production is of red wines and 40% for white wines.

Serbia continues to be the No.1 export destination for Macedonian bottled wines, while Germany absorbs 50% of total bulk exports and represents almost 90% of total Macedonian wine exports to EU countries.

Helping Macedonian wineries increase their bottled wine exports and average prices are key AgBiz objectives for the Wine VC.

AgBiz encourages Macedonian wineries to utilize demand driven marketing by supporting them to attend international trade shows and learn how to sell their products to developed markets more successfully, but also to expand their production quality and quantity.

To achieve this, the Program has supported 29 wineries to participate in international trade fairs, trainings, study tours, workshops, etc.

Four of these wineries: Agrolozar/Dalvina, Popova

Kula, Vizba Valandovo and Bovin were awarded business expansion Project grants that resulted in:

- New export markets being entered;
- Increased added value and sales of premium wines by the introduction of oak barrel aging technology;
- Shifting from bulk to bottled sales by developing a range of high value added wines;
- Increased bottled wine exports; and
- Improved grape production and winemaking technology .



Popova Kula



Vizba Valandovo



Agrolozar/Dalvina

Processed Vegetables

The Processed Vegetables (PV) Value Chain (VC) plays an important role in Macedonian agribusiness.

The industry is very export oriented. Over the last decade it is continuously improving its performance in terms of increases in production and value of exports, and is very labor demanding.

The VC consists of around 55 companies, and most participants produce consumer products packed in glass jars, but also in tins or plastic containers. The largest portion of total exports (54%) is to ex-Yugoslav markets, and about 46% goes to overseas markets such as Australia, the US, Switzerland, Canada, Albania, Norway, Russia and the Ukraine.

As is the case with wine, Serbia is the largest importer of Macedonian processed vegetables and fruits, accounting for 33% of the total value of exports.

AgBiz has supported 46 different VC customers by providing various types of export competitiveness enhancement activities and Projects.

This included assisting five PV customers' export expansion Projects, that helped make these customers more export competitive. The five grantees were Bonum Plus, Vipro, Dentina, Lars and Avto Ria.

These projects resulted in:

- Increased market shares in regional and EU markets and suc-

cessful entry into new markets;

- Enabling customers to start exporting to large wholesale and retail chains such as Kaufland and the Merkator Group;
- Expanded or/and upgraded processing facilities;
- Purchasing new centrifuge at a dehydrated products company to remove water from raw materials prior to drying, and thus decreasing drying time and energy usage; and
- Enabling customers to meet food safety requirements such as ISO and HACCP.



Avto Ria



Vipro



Lars



Bonum Plus

Fresh Fruit & Vegetables



Peca Komerc



Agros



Badzo



Ledra Agro



Agrohemija

The Fresh Fruit and Vegetables (FF&V) Value Chain is composed primarily of agribusinesses involved in the production and/or sale of table grapes and fresh apples.

Macedonia has a long standing fruit growing tradition and good climatic conditions. The FF&V VC plays a very significant role in Macedonian agribusiness, and has huge export potential.

Out of total Macedonian food and food product exports of around \$254 million, 20.6% is accounted for by the top five fresh vegetables: peppers, tomatoes, cabbage, cucumbers and melons.

In the last ten years, the total value of exports of these five products increased from \$16.2 to \$52.2 million, the

largest growth being recorded in tomatoes and cabbage exports.

AgBiz has provided direct support to 26 FF&V exporters by supporting various types of export competitiveness enhancement work such as improving post-harvest handling, training in food safety standards, study tours, trade fairs and B2B meetings.

Five of these companies were awarded grants for export-focused business expansion Projects: Agros, Goce Delchev Tikvesh, Ledra Agro, Peca Komerc and Badzo.

Examples of the success achieved by these Projects include:

- Improved yields and product quality via installing drip irrigation systems on 40 ha.;
- Enabling fresh produce marketers to supply higher quality, and better preserved and properly packaged products by constructing modern cold storage and packing facilities;
- Successfully addressed the shortage of harvest season labor by procuring mechanized harvesting equipment; and
- Improved quality by implementing and certifying HACCP in packing centers.

Inside an Upgraded Cold Storage and Packing Facility



“USAID and its AgBiz Program helped us to install a drip irrigation system on 40 ha. of our vineyards. This project improved the quality and added value to our table grapes which makes our company more competitive on regional markets.”; said Jordancho Gjorchev, Sales Manager of GD “Tikvesh”- pictured above

Wild Gathered Products

The Wild Gathered Products (WGP) Value Chain is composed primarily of companies exporting wild mushrooms and berries as well as medicinal and aromatic plants.

The volume of annual WGP exports is about US\$17 million. Some 60,000 gatherers, mostly from economically challenged groups that live in the very rural areas, are active in gathering WGP.

The main export markets for the WGP are in the EU. Italy accounts for more than 50% of the total export value. About 70% of total wild mushroom exports from Macedonia are dried, followed by frozen, in brine and fresh.

Based on the export importance of WGP, AgBiz has

supported around 100 companies in this VC via a number of activities including: implementation of food safety standards such as HACCP; organic certification; participation in relevant trade fairs and study tours and WGP trade association development.

In April last year, the 10 biggest Macedonian exporters of WGP established the “Shumski Plod” trade association to advocate and represent industry interests to make the VC more sustainable and competitive. In addition to multi-level company support, AgBiz awarded five WGP exporters with grants to implement export-focused business expansion projects.

Those were: Inter-Mak, Vigan, Kokolanski, Flores and Koro. Examples of suc-

cessfully completed Projects include:

- Improved the quality and quantity of wild mushroom processing;
- Implemented HACCP systems;
- Improved and significantly expanded companies processing and storage facilities;
- Established and strengthened the companies presence on regional and EU markets;
- Achieved organic certification; and
- Introduced new organic products lines.

The Koro (Konimex) Booth at the ANUGA Fair in Germany



“With AgBiz assistance we completed certification of wild gathering and processing, and also developed high quality promotional materials that we now use to successfully promote our products to potential export clients.”; said Pavle Kolovski, Owner of Koro



Vigan



Inter-Mak



Kokolanski



Flores

The goal USAID's AgBiz Program is to increase the rate of economic growth in Macedonia through expanded, environmentally sustainable production and sales of value-added agricultural products by enabling producers and processors to more effectively compete regionally and globally.

Since March 2007, the AgBiz Program has worked with more than 180 agribusiness companies in four value chains: fresh fruits and vegetables, wine, processed vegetables and wild gathered food products. The Program enables its agribusinesses customers to: identify, understand and sustainably enter export markets for value-added products; enhance market linkages between producers, processors and traders; improve business management and operations; achieve greater incomes for agricultural producers and processors; and create new employment opportunities.

To date, AgBiz has provided support to 25 producer organizations and four trade associations through the following types of activities:

- 18 Trade Fairs (in which 174 individuals participated);
- 20 Study Tours (in which 127 individuals participated); and
- 27 Training Sessions and Workshops.

Through AgBiz capacity enhancement activities over 1,200 individuals have been trained; agribusinesses were assisted to sign 10.7 million Euros in export orders and 36 agribusinesses were helped to identify financing of over US\$6.9 million.

AgBiz will continue to provide a range of capacity enhancements activities to help Macedonian agribusinesses to increase their export market competitive-

**AgBiz is assisting
Macedonian
agribusiness in value
chains with good export
growth potential to
understand demand and
make their products
more competitive in
export markets!**

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This publication was produced by the USAID's AgBiz Program, with support from the United States Agency for International Development. The authors' views expressed in this publication do not necessarily reflect the views of USAID and the U.S. Government.