



USAID | **MACEDONIA**
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AGBIZ PROGRAM

FOURTH FISCAL QUARTER REPORT 2010

JULY–SEPTEMBER 2010

FISCAL YEAR 2010 ANNUAL REPORT

OCTOBER 2009–SEPTEMBER 2010

OCTOBER 2010

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DISCLAIMER

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

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ACRONYMS AND ABBREVIATIONS

AC	Activity Concept
ACDF	Agricultural Credit Discount Fund
AD	Activity Description
ANUGA	Bi annual Food Trade Fair in Cologne, Germany
AoF	Area of Focus
AWP	Annual Work Plan
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
CEECs	Central Eastern European Countries
CEED	Center for Entrepreneurship and Executive Development
CEFTA	Central European Free Trade Agreement
CEO	Chief Executive Officer
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
DCoP	Deputy Chief of Party
EBRD	European Bank for Reconstruction and Development
EG	Economic Growth
ELSA	Expedited Local Short-Term Technical Assistance
EMMP	Environment Mitigation Monitoring Plan
EU	European Union
Euribor	Most commonly used money-market rate in the Euro zone
FFPC	Firm Fixed Price Contract
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FTE	Full Time Equivalent
FY	Fiscal Year

GDP	Gross Domestic Product
GlobalGAP	Global Good Agricultural Practices
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
Ho-Re-Ca	Hotel, Restaurant, Catering
IFS	International Food Standards
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
MakInvest	Macedonian Agency for Promotion of Foreign Investment
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
MoEPP	Ministry of Environment and Physical Planning
MoLSP	Ministry of Labor and Social Policy
MoU	Memoranda of Understanding
MTV	Macedonian National Television
NCE	No-Cost Extension
NR	Not Required
OBCK	Office Business Center Kosovo
OIV	International Organization of Vine and Wine
PC	Project Coordinator
PGI	Protected Geographic Indication

PHH	Post-Harvest Handling
PIR	Policy and Institutional Reform
PIRN	Policy and Institutional Reform Need
PMP	Performance Monitoring Plan
PO	Producer Organization
PRC	People's Republic of China
PV	Processed Vegetables
QR	Quarterly Report
RCI	Regional Competitiveness Initiative
RMI	Regional Market Information
RMB	Chinese Currency
SAPARD	Special Accession Program for Agriculture and Rural Development
SEI	Secretariat for European Integration
SEMP	Sector Export Marketing Plan
SIAL	International food trade fair in Paris
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
SWG RRD	Standing Working Group for Regional Rural Development
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UC	University of California
UK	United Kingdom
USAID	United States Agency for International Development
VC	Value Chain
VCC	Value Chain Coordinator
WGP	Wild Gathered Product
WoM	Wines of Macedonia

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.

ACTIVITY: 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.

PROJECT: A set of business expansion interventions designed by AgBiz to increase the competitiveness and export sales of the customer and jointly funded by a single 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 demonstrations, or advertising/promotion programs; or to provide technical assistance. AgBiz contributions to a project are supplied via a grant.

QUARTER: Quarter (with a capital Q) refers to the fourth quarter of Fiscal Year (FY) 2010, or the August–September 2010 time period.

EXECUTIVE SUMMARY

Quarterly Report Summary

Program Development: This Quarter (August–September) was the high season for Macedonian agriculture, so the Macedonia Agribusiness Activity (AgBiz) customers utilized all resources to finish the growing season and successfully start the essential processing and selling season. Therefore, customers concentrated intensely on their businesses on a daily basis. However, since promotion of exports and strengthening capacities cannot take a break, during these three months, AgBiz implemented numerous Activities in-country and internationally to expand or regain share in current markets, learn from neighboring countries' experience and engage experts to analyze issues relevant to AgBiz-supported value chains.

Significant work with other entities included continued close coordination with the Deputy Minister of Agriculture on international wine promotion, a field trip with the Israeli Agency for International Development (MASHAV) and the Israeli Ambassador to Macedonia to meet customers for future cooperation on post-harvest handling and planting material production, cooperation with the Swiss Import Promotion Program (SIPPO) to bring Swiss importers to Macedonia, cooperation with Era and SAVA from Slovenia and Rijeka Wholesale Market from Croatia for a study tour and B2B meetings, extensive cooperation with the Dutch Centre for the Promotion of Imports from Developing Countries (CBI) to jointly develop a Wine Sector Export Marketing Plan and wine presentations in Poland and Netherlands. The AgBiz team also prepared for and conducted a workshop on the project's last Annual Work Plan that included USAID participation.

Value Chain Competitiveness Enhancement Activities: At the end of the Quarter, ten Activities had been approved by USAID and were "Being Implemented," 13 Activities had been "Completed," and two were "On Hold." Activities being implemented at the end of the Quarter were Road-show Presentations of Macedonian Wineries in Poland and The Netherlands; Assessment of the Impact of the Government's Subsidy Program on the Export Competitiveness of Macedonian Agribusiness; Online Registration of Employees in Agribusiness; Wine Industry Performance Survey 2009; Assessment of the Impact on AgBiz Supported-Value Chain (VC) Participants of New Government Legislation Concerning Mandatory Buyout Contracting; Fresh Apple Exports to India; Production of Value-Added Victoria Table Grapes for International Markets; Supporting Macedonian Agro Exporters Association (MAEA) to Develop a Five-Year Strategy and One-Year Action Plan; Instrument for Pre-Accession Assistance for Rural Development (IPARD) Study Tour in Bulgaria for Banks Representatives; and a Bi-Monthly Market Information Newsletter for Each VC.

Activities successfully completed during the Quarter were: Wine Sector Export Marketing Plan Development; Participation in the Fifth Agricultural Cooperation Forum between China and Central Eastern European Countries; Fresh Fruits and Vegetables (FF&V) Study Tour and B2B Meetings in Croatia and Slovenia; a Sales Mission with Swiss Importers to meet Macedonian FF&V Exporters; World Food Trade Fair Moscow 2010; Integrated Strategy to Accelerate the Development of the Processed Vegetables VC; Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture; Support to Shumski Plod to Address the Multiple Taxation of Wild Gathered Products (WGP's); a Workshop Presenting the Updated Agribusiness Finance Manual; Web Sites for the WGP Association Shumski Plod and WGP VC Companies; Shumski Plod Members Study Tour to Bulgarian WGP Associations; MAEA Members Study Tour to Bulgarian FF&V Associations; and a Regional Market Information Dissemination Activity with Moja Zemja Magazine.

During the Quarter, 81 companies and six producer organizations and trade associations received assistance, and 176 individuals received training. Forty-seven new export customers were identified by Activity participants, and around \$2 million worth of potential orders were received as a result of completed Activities. The total cost of Activities completed during the Quarter was \$163,196 and an AgBiz direct cost of \$53,703 with an average AgBiz cost share of 33%.

Export Focused, Business Expansion Projects: By the end of the Quarter, AgBiz had contributed a total of \$465,024 to the 20 Projects, not including environment-related work, and grantees had contributed \$7,931,943. This represents 93% of the AgBiz agreed support and 146% of customers' reported contributions to Projects. One hundred and forty-one percent, or \$8.4 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 Grant Award Budgets.

Enhanced Access to Finance: During the Quarter, detailed access to finance assistance was provided to one company and one individual, resulting in \$50,000 in financing being utilized. Four companies received export insurance policies for their exports to European Union markets. A Study Tour to Bulgaria for bank representatives was organized where officials from four Macedonian banks had an opportunity to share experiences with their Bulgarian colleagues regarding financing IPARD/Special Accession Program for Agriculture and Rural Development (SAPARD) applications and better understand opportunities for financing this type project. A presentation of the updated Agribusiness Financial Manual was held in Negotino where over 50 agribusinesses received the latest information regarding the financial sector and available financing products, and five banks did presentations of their own financial products.

Policy and Institutional Reform: During the Quarter, AgBiz actively continued activities related to policy and institutional reform. An assessment of the impact of the Law on Agriculture as related to contract farming was initiated at the end of the Quarter. The impact of Government of Macedonia (GoM) subsidies on the competitiveness of AgBiz supported value chains was evaluated. A follow up meeting on the seasonal employment assessment and recommendations was held with government and private sector representatives to initiate the development of working groups for proposing amendments to several relevant laws. AgBiz completed support to the Shumski Plod Association to Address the Multiple Taxation of WGPs, including drafting proposed new regulations that were accepted by the association and then presented to the GoM. During the Quarter, AgBiz identified one new Policy and Institutional Reform Needs (PIRN)—specifically there has been no progress on establishing the Agriculture and Rural Development Councils, a plan that the Ministry of Agriculture, Forestry, and Water Economy included in the Law on Agriculture - Article 18. The purpose of the councils is to assist the planning, implementation and monitoring of national agricultural policies. However, prior to formation of the councils, detailed regulations concerning the organization of the working groups and their specific role need to be developed.

Operational Challenges Encountered: The direct effects of the global economic crisis continue to negatively impact sales and new orders in all AgBiz-supported value chains. Therefore, our customers continue to focus on stabilizing current markets and identifying new export market opportunities. AgBiz is actively contributing to these efforts by helping customers regain share in their old and very-well-known-by-customers markets in neighboring and ex-Yugoslavian countries, and aggressive implementation of international trade fairs, study tours and B2B meetings. The uncertain quality of available planting material does not enable a good start for AgBiz-supported Macedonian crops. Producers are not sufficiently organized, nor do they have the technical or managerial skills to work together to develop nurseries for seedling production. There are strong indications of weak or no relationships between the vast GoM subsidy programs and improving the competitiveness of Macedonian agriculture. The understanding of the role of trade associations for business and policy reforms, and the very limited availability of market information are still challenges that AgBiz faces, but we are taking steps to mitigate them. AgBiz support and facilitation to strengthen the Shumski Plod, Wines of Macedonia (WoM), MAEA and Macedonian Association of Processors (MAP) national trade associations should significantly improve horizontal coordination and joint efforts for promotion of VC products to regional and international markets.

Performance Indicators: Progress toward achieving qualitative program objectives was very satisfactory during the Quarter, and the trend of over-achieving our indicator objectives continues. At the end of FY '10, almost all indicators reported on a quarterly basis were on target or overachieved. Thirty new, not previously assisted agriculture-related firms (out of total 81 that benefited from the program's direct intervention) participated in Activities implemented during the fourth Quarter. A range of marketing and competitiveness enhancement training was delivered to 176 participants. A \$50,000 financing opportunity was identified for one customer. The participation of 21 customers in trade shows and study tours resulted in approximately €1.6 worth of new orders. Around \$140,000 of investment was stimulated from

customers, and AgBiz contributed an average of 29% of the total direct cost of the Activities and Projects implemented during the Quarter, thus achieving very good leveraging of USAID resources.

FY '10 Annual Report Summary

Most Significant Accomplishments: Over 290 agribusinesses received assistance, out of which 91 were new customers. One producer organization and one trade association that were not previously assisted directly benefited from program interventions. A range of marketing and competitiveness enhancement training was delivered to 601 individuals. Customers invested more than \$1.6 million in our Projects and Activities, and AgBiz contributed around 18% of total Project and Activity costs. The awareness of US Government assistance was increased by publishing/releasing 11 Success Stories and 59 media exposures. We significantly improved customers' awareness of potential new buyers' requirements in the more advanced export markets due to customer participation in five trade fairs and nine study tours and B2B meetings, thereby helping customers obtain around \$11 million in new orders. Good progress was made developing sustainable trade associations that can continue AgBiz-type work as legacy institutions, including developing an operating plan and stimulating the early development of the WoM and the MAEA trade associations. We successfully closed out 20 grants in compliance with USAID rules and regulations.

Activities: AgBiz successfully implemented 41 pragmatic competitiveness enhancement Activities. These Activities included four training sessions, three workshops and a regional conference. Significant knowledge and skills were transferred to 85 companies and 244 individuals. AgBiz organized and supported 100 customers to participate in five international trade fairs and nine study tours and B2B meetings. The participation of 36 customers in trade fairs and the 63 customers involved in study tours, promotional events and B2Bs proved to be very efficient tools for expanding export-related business contacts. The interest expressed by 188 regional and international buyers for Macedonian fresh produce, wine and processed vegetables products led to receiving orders of more than \$11 million. In addition, the program stimulated and supported the enhancement and increased availability of market information through the only agricultural magazine in Macedonia, *Moja Zemja*, and thereby increased the relevance and sustainability of the magazine.

Projects: AgBiz collected and assured data quality for the indicator performance of the 20 grantee Projects. The "value of purchases of raw materials made from smallholder producers" increased by 55% over the baseline, or more than \$6.1 million; the "value of exports" increased by more than \$4.4 million, or 17%, and "total sales" increased 24%, or around \$6.9 million. Over 28,400 "rural households directly benefited from interventions" and 561 new full-time equivalent jobs were created, or 52% more than the baseline. AgBiz customers invested over \$7.9 million in these 20 Projects involving a range of physical facilities and sales and marketing capacity enhancements. These impressive results were accomplished with an AgBiz cost of less than \$470,000, not including environment-related work, thus achieving excellent leveraging of 6%. Therefore, \$8,396,967 of total program investment has been completed.

Enhanced Access to Finance: We provided detailed, improved access to finance assistance to 11 companies, helping them to identify the most appropriate sources of finance and the most reasonable financing products for their circumstances. We assisted them to develop application for loans, leases, equity or other types of financing. These 11 companies applied for over \$0.7 million in loans. Increased access to finance assistance was also provided by updating the Agribusiness Finance Manual that made detailed information available on potential sources of finance and investment for Macedonian agribusinesses, and the manual was presented at a workshop attended by more than 45 managers. To enhance beneficiaries' understanding of how to utilize IPARD funds, AgBiz organized a study tour to Croatia where FF&V companies obtained direct information on best practices and lessons learned as related to access to IPARD funds.

Policy Reform: AgBiz identified nine policy and institutional constraints impeding the competitiveness of the value chains we support, and implemented several Activities related to addressing Policy and Institutional Reform needs. We worked closely with the Shumski Plod Association to present the negative impact of the developing multiple taxation of WGPs, and to develop and refine proposals to be incorporated in the new Law on Forests. AgBiz supported MAP to develop model contracts for contract farming that will satisfy AgBiz clients' needs and be consistent with MAFWE's proposed new model contract, and had numerous coordination meetings with winery managers and MAFWE officials in an attempt to solve the issues concerning wine Appellation of Origin. In cooperation with Confederation of Employers of the Republic of Macedonia (CERM), we implemented an Assessment of Regulations and

Practices Regarding Seasonal Employment in Agriculture, and also initiated an Assessment of the GoM Agricultural Subsidy Scheme and its impact on the export competitiveness of Macedonian agribusiness. We continued communications with MAFWE's Department for Analysis of Agricultural Policies to support them to establish sustainable practices for gathering private sector input, and analyzing and addressing issues at an appropriate level in the GoM structure.

Life of Program (LoP) Summary

Activities: LoP (through the end of FY '10), AgBiz had received, developed internally and reviewed 192 value chain competitiveness enhancement Activity Concepts. One hundred and forty-one of these potential Activities were prioritized as relevant to AgBiz objectives and were developed and completed by the end of FY '10. These Activities included support for 18 international trade fairs where some of the 125 participants received orders worth more than \$16.2 million, 23 study tours, 14 training sessions, seven workshops, seven roundtables and conferences, four market research assessments, nine value chain profiles and surveys, 29 other competitive enhancement Activities, six PIRN-related assessments, two staff capacity building activities and 21 environment-related or other Activities. As a result, 221 (811 counting multiple participation) agribusinesses received direct technical assistance and 1,507 of our customers' employees received short-term training. AgBiz provided direct funding to Activities totaling over \$2.6 million, and 59% of total Activity costs were contributed by participants, resulting in very good leveraging of USAID resources.

Projects: Due to the successful implementation of 20 good Projects, AgBiz has made a significant contribution toward increased producer and processor/marketer competitiveness to meet export market demand for value-added, agriculture-based products. These Projects involve a range of physical facilities and sales and marketing capacity enhancements. We increased the awareness and knowledge of environmental compliance for customers' Projects through program-supported environmental compliance work. Local consulting company capacity to provide services to agribusinesses was enhanced through hands-on experience with AgBiz procurement procedures and business professionals. Over the LoP, AgBiz has contributed \$465,024 to Projects and customers have contributed \$7,931,943, for an excellent USAID/AgBiz resources leveraging of 6%.

Enhanced Access to Finance: AgBiz staff has provided technical support to customers by helping them identify financing alternatives and by increasing customers' understanding of loan applications and other types of financing. A total of nearly \$7.2 million of financing opportunities were identified for 40 customers.

Policy Reform: LoP, we identified 21 policy and institutional constraints impeding the competitiveness of the program-supported VCs. AgBiz, in cooperation with the USAID-funded Business Environment Activity (BEA), prepared an Assessment of Regulations and Practices in Personal Income Tax Collection from Farmers and Gatherers and developed a related policy reform paper and workshop. In addition, AgBiz assisted Shumski Plod to lobby for and cause to be lifted the export ban on a specific variety of mushroom. AgBiz also supported the development of model contracts for contract farming consistent with MAFWE's proposed model contract. In coordination with MAFWE, AgBiz is trying to solve the issues concerning wine Appellation of Origin. In cooperation with CERM, we completed an Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture. The lack of trade associations in most of AgBiz-supported value chains limits our ability to stimulate the needed reforms, and minimal dialogue between value chain participants and the GoM exists.

Indicators: During the last 42 months of implementation, AgBiz has more than achieved planned results. Two hundred and twenty-one different agribusinesses have received assistance, and 1,507 individuals have received some type of training. The program has successfully stimulated around \$9.5 million of investments from the customers, and AgBiz contributed 14% of total investments. Thirty-eight Success Stories and 143 media inserts have been placed.

I.0 FOURTH QUARTER ACCOMPLISHMENTS

VALUE CHAINS

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

Value Chain and Other Work Completed during the Quarter 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 (ha) are currently planted in table grapes, potential table grape vineyard land is around 10,000 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, so growing fruits and fruit exports are important from both economic and social stability perspectives. From a total of around \$254 million in food exports from Macedonia, 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 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 the traditional markets for Macedonian fresh fruit and vegetables; however, as they become more sophisticated and open to competition, fresh exporters from Macedonia are losing market share and struggle to sustain these traditional 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 most significant weakness of the value chain. Currently very minimal post-harvest value adding or quality preservation takes place, since most products are shipped in bulk directly from the field without proper sorting, calibration, cooling or other activities needed for price improvement and compliance with European market standards.

AgBiz work on FF&V export competitiveness enhancement is focused on improving post-harvest handling to support producers/consolidators/exporters to enhance their traditional practices, improve post-harvest operations, develop modern packing centers, diversify markets and enhance the overall image of Macedonian FF&V. These are pre-requisites for re-gaining traditional and securing new market entries and long-term export sales. Program support to increase the shelf life and quality of products, ensure exports meet European Union (EU) standards and organize trade fairs presentations and business to business (B2B) meetings with the most relevant European buyers has achieved the expected result of more value added product offers and increased customer exports. AgBiz stimulated the formation of an FF&V Exporters Association, including the most relevant companies exporting FF&V, that should significantly improve horizontal coordination and the capacity of the VC to upgrade overall performance standards, organize joint export presentations and successfully develop dialogue with the relevant Government of Macedonia (GoM) institutions.

Supporting investments for new, modern packing centers and gradual investments in cold storage 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.

The most significant AgBiz activities to increase FF&V exports this Quarter (July–September 2010) included: organization and facilitation of export promotion through a study tour and B2B meetings in Slovenia and Croatia where participants became acquainted with the latest trends and requirements of those markets; a Sales Mission with Swiss Import Promotion Program (SIPPO) where Swiss importers met Macedonian exporters of Wild Gathered Products (WGPs); exhibiting at the Moscow World Food Trade Fair where three Macedonian exporters had an opportunity to present their products and support to fresh apple exporters to establish new market linkages via facilitated meetings with foreign and domestic buyers. AgBiz also supported and finalized a pilot project on improving pre-harvest operations for Victoria table grapes.

During the Quarter, AgBiz worked on supporting the sustainability of the Macedonian Agro Exporters Association (MAEA), a national association of FF&V exporters, with the aim of improving the overall productivity and enhancing the export competitiveness of the FF&V VC. The AgBiz FF&V VC Coordinator held regular meetings with managers of all six completed Projects, 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).

1.1.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports on the results achieved for each FF&V 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	6-month follow-up report completed	Completed, see Section 1.1.3.1
World Food Trade Fair Exhibition 2010 Moscow, Russia	Activity completed	Completed, see Section 1.1.3.2
Sales Mission with SIPPO - Swiss Importers to Meet Macedonian Exporters	Activity completed	Completed, see Section 1.1.3.3
Study Tour and B2B Meetings in Croatia and Slovenia	Activity completed and Activity Results Report prepared	Completed, see Section 1.1.3.4
Fresh Apple Exports to India with Macedonia Competitiveness Project (MCP)	Support to communications between the Macedonian suppliers and Indian buyers	Conducted meetings with potential buyers from India and Macedonian exporters (ongoing)
Improved Production and Adding Value to Victoria Table Grapes to be Competitive in International Markets	Activity completed and Activity Results Report prepared	On-site Activity completed; preparation of the Activity Results Report, conclusions and recommendations is in final stage
Foreign Direct Investment in Agricultural Commodity Exchange Market in Kochani	Attract foreign direct investment for exporting Macedonian FF&V produce	Postponed due to issues with land (GoM is the owner and municipality cannot sign a long-term lease or make agreements for concession); laws regulating how ownership will transfer from the GoM to municipalities will be in force in 2011
University of California (UC) Davis Post-harvest Training	Activity Results Report completed, individual guide book in development	Completed, see Section 1.1.3.5

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	Closely monitor and obtain grantees' quarterly indicator data	Regular meetings for sharing information were held and Quarterly Reports communicated and approved. During the Quarter, sales were 26,503,333 Macedonian Denar (MKD), and 3,240,000 MKD in raw materials were purchased from smallholder producers.
GD TIKVESH: Improved quality of table grapes and established a packing center		Regular meetings for sharing information were held and Quarterly Reports were communicated and approved. During the Quarter, sales were 93,800,000 MKD, and raw materials were not purchased from smallholder producers. Total male work force was 183, and female work force 76.
PECA KOMERC: Established a modern produce packing center		Regular meetings for sharing information were held and Quarterly Reports were communicated and approved. During the Quarter sales were 65,825,209 MKD, and 52,900,000 MKD worth of raw materials were purchased from 600 smallholders. Total number of male workers was 21, and female workers 3.
AGROHEMIJA: Established a new packing center		Regular meetings for sharing information were held and Quarterly Reports were communicated and approved. During the Quarter sales were 51,230,769 MKD, and 15,000,000 MKD in raw materials were purchased from smallholders. Total number of male workers was 5, with female workers 5.
AGROS 2004: Established a new model of harvest and post-harvest activities on 30 ha of peppers		Meetings for sharing information were held and Quarterly Reports were communicated and approved. During the Quarter, sales were 6,573,115 MKD, and 2,200,000 MKD worth of raw materials were purchased from smallholder producers.
BADZO: Improved competitiveness of fresh vegetable exports		Regular meetings for sharing information were held and Quarterly Reports were communicated and approved. During the Quarter, total sales were 87,860,130 MKD, and 104,458,602 MKD in raw materials were purchased from smallholder producers. Total number of male workers was 20, and female workers 10.

1.1.3 Competitiveness Enhancement Activities Completed during the Quarter

1.1.3.1 Fruit Logistica 2010 (Six-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 in Berlin, Germany, February 3–5, 2010.

OUTCOME/FOLLOW-UP: The six-month follow-up report re-confirmed that participation of Macedonian FF&V producers at the Fruit Logistica 2010 was a great success. Benefits reported by 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 enhanced competitiveness.

After an initial, a spectacular €4.4M in orders was received at Fruit Logistica, all six participating companies continued to coordinate closely with the buyers they signed contracts with and started to deliver orders received during the fair. They also followed up with new contracts to supply different products throughout the season:

- Badzo Bogdanci: Poland – exports worth approximately €140,000 will be reported at the end of the season; Ukraine – exports of €260,000 and Slovenia – €150,000;
- Turan Bogdanci – Exports of €150,000 and to Russia €130,000;
- Vivi Prom – Negotiations started with buyers from Poland, Russia, Ukraine and other EU member country companies, resulting in exports of spring cabbage, tomatoes and cucumbers worth €430,000. Other exports to Russia of €250,000 during the period.
- Agrolozar – Received a new contract for exports (with new packages and labels) to Asda worth approximately €300,000. Exports commenced during the Quarter.
- Avto Ria – Exported produce to Mayer and Mayer, Germany, worth approximately €780,000.

- Altra Gevgelija – Cancelled negotiation processes.

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

1.1.3.2 World Food Trade Fair Exhibition 2010, Moscow, Russia

DESCRIPTION/OBJECTIVE: World Food Moscow is one of the most relevant FF&V trade shows. Both well-established companies on the Russian market and those planning to enter the market participated at World Food Moscow. World Food Moscow is an efficient platform to interact with the numerous buyers and suppliers to Russian and other markets.

In 2009, four Macedonian fresh produce export companies Agrohemija, GD Tikvesh, Rudine and Zegin, supported by AgBiz, participated in the Moscow Trade Fair and based on the results they achieved, some of them expressed strong interest to take part in the World Food Moscow 2010 in September. Participation of Agrohemija, Vardar Gradsko and Badzo in 2010 will help them follow the developments of specific market preferences, be exposed to and/or find other potential clients.

The main objectives of 2010 participation were to:

- Identify potential buyers (importers, distributors and wholesalers in Russia and the Baltic Countries);
- Establish direct contacts and avoid mediators when exporting Macedonian FF&V products to Russian markets;
- Understand import Russian procedures and custom regulations; and
- Identify opportunities for participants to work together when developing sales strategies for the large and highly competitive Russian market.



OUTCOME/FOLLOW-UP:

Although this was the first exhibition for two out of three companies at World Food Moscow, the exhibitors established contacts with more than 150 potential buyers and distributors and achieved 42 new orders with a total value of around €1.6M. Vardar Gradsko, Agrohemija and Badzo Bogdanci presented their products and discussed business opportunities with potential partners, offered and negotiated prices, discussed the availability of each product and reviewed the preconditions to start business, taxes, distribution costs, etc. In many cases, potential buyers were very interested in the way the companies deliver requested quantities on time and with high quality products.

Agrohemija negotiated with nine potential buyers, made pre-agreements with them during the fair and expects to receive an order for Victoria variety table grapes, winter and spring cabbage and watermelon as an initial quantity worth €146,341. Vardar Gratsko reached an initial agreement with 28 companies and report the value of new orders as being €1M. Badzo Bogdanci was a first-time exhibitor, but managed to make good contacts with five potential buyers and received orders worth €350,000. These companies exhibiting at the Moscow

trade fair resulted in establishing contacts with more than 150 potential buyers and distributors. All contacts will require serious follow up in the form of communications and a well-prepared negotiation strategy to achieve new and sustainable export sales.

At a meeting in the Russian Chambers of Commerce (CoC) headquarters, in the presence of His Excellency the Ambassador of the Republic of Macedonia and high-level representatives of Russian CoC, participants had an opportunity familiarize themselves with Russian import procedures and customs regulations.

The AgBiz staff member that participated in World Food Trade Fair in Moscow will monitor the results achieved as related to increased sales and opportunities for the participants to work together when developing sales strategies, and, when needed, will facilitate three- and six-month follow ups with direct contacts established during the tour. For more details see “*World Food Trade Fair Exhibition 2010 Moscow, Russia*” included on the CD-ROM version of this report.

COST: Total Cost: \$44,272; AgBiz Cost Share: \$9,136, or 21%.

1.1.3.3 Sales Mission with SIPPO - Swiss Importers Meet Macedonian FF&V Exporters

DESCRIPTION/OBJECTIVE: SIPPO, in cooperation with AgBiz, invited several Macedonian companies to take part in a buying mission. SIPPO invited importers of fresh fruits and vegetables, wild collected mushrooms and berries from Switzerland and the European Union to participate in the buying mission. Based on the procurement needs of the buyers and the company profiles of Macedonian producers and traders, one-on-one pre-matched meetings and company visits were organized.

Activity objectives included:

- Export promotion of the Macedonian food sector;
- Strengthening business relations of Macedonian producers and traders with Swiss and EU customers; and
- Increasing exports of Macedonian fruits and vegetables, mushrooms and berries.

OUTCOME/FOLLOW-UP: Two companies from Switzerland and Germany expressed interest in visiting the Macedonian companies. During the event, nine one-on-one pre-matched meetings and company visits were conducted in seven different locations in Switzerland. The SIPPO Coordinator and the AgBiz Association Development and Backward Linkages Manager accompanied the buyers to all meetings. The visited buyers expressed satisfaction from the visits as they identified new partners for cooperation in Macedonia. The value of the initial orders agreed to as a result of this Activity is €80,000. For more details see “*Sales Mission with SIPPO – Swiss Importers Meet Macedonian FF&V Exporters*” included on the CD-ROM version of this report.

COST: Total Cost: \$8,190; AgBiz Cost Share: (AgBiz Association Development and Backward Linkages Manager time contribution), or 0%.

1.1.3.4 FF&V Study Tour and B2B Meetings in Croatia and Slovenia

DESCRIPTION/OBJECTIVE: Macedonian fresh produce exporters are trying to maintain their share of existing export markets, as well identify and approach new markets. Traditionally, demand for Macedonian FF&V products exists in former Yugoslavian republics, and these markets are the priority for Macedonian producers. The Croatian Riviera is quite interesting due to the number of tourists, especially during the season from May to September. The Rijeka wholesale market is one of the main sources of FF&V to the Croatian Riviera, and has been identified as an important opportunity for Macedonian FF&V producers and exporters to present their products and establish new sales channels. AgroZona is a Macedonian-Croatian company present on the Rijeka wholesale market with its own storage and cooling capacity. They deal with import and sale of FF&V, and are willing to cooperate with our companies and offer fresh produce from Macedonia. Based on the long tradition of purchasing Macedonian FF&V, Slovenian consumers perceive these fresh products to be natural and with excellent taste.

The company Era from Slovenia is a large wholesaler that has established its own brand of food products and network of wholesale centers. These centers are the main focus of Era Good (Era's retail unit network), a total supplier for the Hotels-Restaurants-Catering (Ho-Re-Ca) segment, small independent traders and public institutions. This diverse network of shopping units, positioned throughout Slovenia, offers an extensive range of products under Era Slovenia and other well-known brands and high-end services. Initial meetings with Era representatives in Macedonia confirmed their interest in communicating their needs, identifying ways of sourcing fresh produce from suppliers and evaluating opportunities for purchasing FF&V products from Macedonian producers.

Sava Group is a holding company comprising five divisions, one of which is Sava Hotels & Resorts. Sava Wellness Centers (*Panonske Terme*) is also interested in sourcing agricultural products from Macedonia.

OUTCOME/FOLLOW-UP: The Activity enhanced participant understanding of the latest trends and requirements by Slovenian and Croatian companies, and of what improvements should be made and know-how applied to post-harvest handling techniques of fresh produce. These techniques include production, harvesting, cooling, storing, grading, packing and shipping to meet EU market demands. Macedonian FF&V exporters had an opportunity to investigate ways to establish new sales channels in Croatia and Slovenia, and form long-term supply channels to potential new buyers in these two important markets.



PHOTO CREDIT: AGBIZ STAFF

Negotiations at the wholesale market in Rijeka

The Activity enhanced participant understanding of the latest trends in packaging, products standardization and branding of agricultural products that are offered to customers, particularly in Slovenia. AgBiz customers were able to observe the innovative sales strategies practiced by Era Good and became acquainted with the requirements for selling products labeled as “healthy products,” e.g., Global Good Agricultural Practices (GlobalGAP) certification, Organic certification, Protected Geographic Origin, and Protected Traditional Product.

This Activity assisted eight Macedonian FF&V growers and exporters to significantly enhance the competitiveness of products that can be sold in European markets (existing and new markets). Information obtained from the Activity will have a positive impact on the development of AgBiz customer. Transferring of this knowledge to their operations will allow them to provide the quality of FF&V required for regional markets, and to meet the specifications of Slovenian and Croatian markets. Equally important was direct B2B meetings between Macedonian exporters and FF&V sellers active on the Rijeka wholesale market, as well as with Plodine supermarket representatives, that resulted in new orders worth €20,000 from four customers of fresh Macedonian produce. For more details see “*FF&V Study Tour and B2B Meetings in Croatia and Slovenia*” included on the CD-ROM version of this report.

The AgBiz staff member that participated on this Activity will monitor results achieved as related to increased sales and opportunities for participants to work together when developing sales strategies and facilitate three- and six-month follow up with direct contacts established during the study tour.

COST: Total Cost: \$27,459; AgBiz Cost Share: \$11,491, or 42 %.

1.1.3.5 **University of California (UC) Davis Post-Harvest Handling Technology Transfer**

DESCRIPTION/OBJECTIVE: This “train the trainer” Activity was designed to transfer knowledge to the AgBiz FF&V Value Chain (VC) Coordinator and a selected professor—both future trainers of Macedonia companies with significant post-harvest operations. The Post-Harvest Technology Short Course was a two-week intensive study of current technical procedures used for handling fruits, nuts and vegetables in California. The shortage of related know-how in Macedonia defined the Activity objective—

increase 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.



OUTCOME/FOLLOW-UP: This Activity enhanced participants' understanding of the latest trends and know-how in post-harvest technology of horticultural crops, and provided insights on the most advanced theoretical and practical techniques for post-harvest handling of fresh produce, including cooling, storing, grading, packing and shipping, to secure excellent conditions and longer shelf life and meet market demand.

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 were translated into ten guide books for selected crops (tomatoes, apples, peaches

and nectarines, potatoes, cherries, plumes, paprika, onion, cucumber and table grapes), and will be distributed to FF&V VC participants. A report on this training was developed and will be presented with the guide books at workshops and on individual visits where applicable. Guidebook summaries will also be published in *Moja Zemja*. For more details, see *"UC Davis Post-Harvest Training Guidebooks-Brochures"* included on the CD-ROM version of this report.

COST: Total Cost: \$ 13,116; AgBiz Cost Share: \$13,116, or 100%. (This is in *"UC Davis Post-Harvest Training"* Activity Budget.)

1.2 PROCESSED VEGETABLES (PV) VALUE CHAIN – COORDINATED BY THE MACEDONIAN ASSOCIATION OF PROCESSORS (MAP)

Value Chain and Work Completed during the Quarter Overview

Starting the processing 2010 season was the main characteristic of this Quarter. According to preliminary information, this season is expected to be similar to 2009. A slight increase of raw materials purchased, production and export sales is expected this cycle. The effects of the global economic crisis negatively impacted processing companies' sales projections, extended receivables collections and reduced the working capital they had available to buy more fresh vegetables and other production inputs. During the Quarter, the Payment Agency signed IPARD-related contracts with two PV beneficiaries. Also, the second call for IPARD was announced on September 30. Several PV VC members showed initial interest in preparing IPARD applications. The limited availability of seasonal labor will remain an ongoing problem during this processing season. There were no direct lobbying and contacts by PV VC members during the Quarter with the Ministry of Labor and Social Policy (MoLSP) with the aim of changing the regulations on seasonal workers because the activity continued with the Union of Employers and included other value chains.

The vegetable processing industry is by and large represented by MAP, a trade association established in March 2002. The association has no political character, it is a not-for-profit organization and it 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 to encourage them to join the association to increase their lobbying capacities. MAP has a subcontract with AgBiz to coordinate PV VC export competitiveness enhancement.

During the Quarter, PV VC members were not particularly active in lobbying activities due to processing season work and realization of their production plans for 2010. By the end of September, several VC members suggested that there was a need for imported red peppers for processing. The initial estimate was that 3,000–5,000 tons of red peppers would be needed. Therefore, the MAP Managing Board decided to submit a request to the Ministry of Economy (MoE) during the first half of October for tariff free import of red pepper.

Information about the October 2010 SIAL, the international food trade fair in Paris, was disseminated to the PV VC members. There was insufficient interest by members to prepare for and exhibit PV products at the fair. The Agency for Promotion of Foreign Investments (MakInvest), which took over export promotion responsibility and the related budget from the MoE, still has not completed their strategy and Annual Work Plan (AWP) for 2011.

There was initial contact with Ana Mak processing company from Skopje. Although the company showed initial interest in MAP membership, they will meet with the PV Value Chain Coordinator (VCC) after the main production season to discuss membership issues.

During the Quarter, the VCC organized a MAP assembly meeting in Gevgelija (July 9) and a MAP Managing Board meeting in Skopje (September 30). He also contacted the IPARD Managing Authority regarding the next IPARD announcement.

During the Quarter, AgBiz work on the VC focused on completion of the six-month evaluation of the study tour and B2B promotional event in the Czech Republic, the three-month evaluation of the Canada Study Tour, completion of the PV VC Development Strategy activity and initiation of the Assessment of New Government Legislation Concerning Mandatory Buyout Contracting. Activities related to participation of PV VC members in the Polagra Fair in Poland also advanced (Activity Concept [AC] and Activity Description [AD] developed, identified trade fair participants, etc.), but the activity was canceled due to the inappropriate and slow response by fair organizers. Initial contacts related to participation of PV VC members in the Indagra Food Fair in Bucharest, Romania, were also undertaken.

The most significant AgBiz work during the next quarter will be the six-month evaluation of the Canada Study Tour, participation of PV VC members in the IndAgra Fair in Romania, the study tour and B2B meetings in the Ukraine, initial activities related to Support for Establishing a Joint Brand/Export Company and completion of the Assessment of New Government Legislation Concerning Mandatory Buyout Contracting.

1.2.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports 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 1.2.3 below.

Activity	Expected Result	Result Achieved
Study Tour and B2B in Canada	3-month Follow-up Report	Completed, see Section 1.2.3.1
Study Tour and B2B Promotional Event in the Czech Republic	6-month Follow-up Report	Completed, see Section 1.2.3.2
Study Tour for MAP Management Board to a Well-developed Polish PV Association in EU, Promotional Event with Focus on PV	AC and AD developed and approved, MoU signed, Activity completed	Activity canceled due to inappropriate and slow response by fair organizers
Integrated Strategy to Accelerate the Development of the PV VC	Final document prepared, presented and approved by PV VC members	Completed, see Section 1.2.3.3

1.2.2 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
DENTINA: Production capacity expansion and export marketing and sales support	Closely monitor and obtain grantees quarterly indicator data	On-site visit, Quarterly Report collected, reported intra-regional export sales of 13.8 M MKD
BONUM: Export market entry and International Organization for Standardization (ISO) compliance		On-site visit, Quarterly Report collected, reported intra-regional export sales of 16.3 M MKD
LARS: Improved and increased productivity and capacity of drying		On-site visit, Quarterly Report collected, reported international export sales of 11 M MKD
VIPRO: Construction of a new vegetable processing facility		On-site visit, Quarterly Report collected, reported international export sales of 15 M MKD, contract signed with payment agency for IPARD support
AVTO RIA: Establishment and operation of a new processing system for onions		Completed a reorganization, reported international export sales of 3 M MKD

1.2.3 Competitiveness Enhancement Activities Completed during the Quarter

1.2.3.1 Study Tour and B2B Meetings in Canada (Three-month Follow-up)

DESCRIPTION/OBJECTIVES: The Macedonian vegetable processing industry is export oriented—80–85% of the annual production is exported. EU markets (Germany in particular), and regional markets (Serbia, Kosovo, Croatia) are the most preferred destinations. Exports of Macedonian processed products to Canada are small but important. In 2006, exports were 230 tons with a value of €400,000; in 2008, volume was reduced to 119 tons and €65,000 in value and 180 tons of processed products with a value of €342,000 were exported in 2009. According to PV VC members, there was a possibility for establishing stronger business contacts with Canadian food importers and distributors. In return, this would result in increased exports of processed products to the Canadian market. The industry suffered from a lack of data about the Canadian market, including export/import statistics and trends. The study tour enabled processing companies to understand the functioning of the Canadian food market more clearly, and to widen their perspectives regarding new export possibilities. This is particularly important due to the fact that the average utilization of domestic processing capacity is around 50%, thus leaving additional opportunities for increased production and exports.

Seven PV VC members participated in the Canadian Study Tour activity from May 14–20, 2010.

The objectives for organizing 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: A three-month follow-up evaluation was completed on August 23, 2010. On the basis of discussions with each participant, Vipro reported a new contract worth US\$84,000 for export of pepper-based products (ajvar and roasted pepper) to Canada, and Altra and Trgoprodukt are in negotiations with two Canadian importers for export of processed products. More concrete details will be available during the next quarter. For more details, see “*Activity Study Tour and B2B in Canada Three-month Follow-up Report*” included on the CD-ROM version of this report.

1.2.3.2 Study Tour and B2B Promotional Event in the Czech Republic (Six-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 on new export possibilities. This is particularly important as 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 second evaluation was completed on August 6, 2010. On the basis of discussions with each company, the following results were achieved:

- Several companies (Dentina, Agrokomerc 92, Altra, Tehnoalat, Kim) sent the requested promotional materials and export price lists to the Macedonian Embassy in Prague, and are expecting feedback on the next steps; and
- The Macedonian Embassy contacted MAP with information that Owens Illinois (O-I) representatives are still very interested in starting the cooperation with Macedonian PV VC members to supply the industry with glass jars and to support their export efforts to the Czech market. A meeting will be organized with O-I representatives next quarter.

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

1.2.3.3 **Integrated Strategy to Accelerate the Development of the Processed Vegetables Value Chain**

DESCRIPTION/OBJECTIVES: Further development of the PV VC still depends on firm-level approaches and measures, and the VC is not strategically focused. Therefore, establishing a strategy that focuses on the accelerated development of the PV VC is a prerequisite for successful planning and implementation of the specific value chain-wide measures and activities required for optimizing the sustainable growth of the VC. According to discussions with PV VC members, the VC has no (but seriously needs) a development strategy that will achieve and secure sustainable growth of the VC.

The overall objectives of the Activity were to:

- Define existing shortcomings that constrain the export competitiveness and impede the more rapid development of the VC;
- Reconfirm current strengths and opportunities for continuous growth of VC exports; and
- Identify strategic objectives, develop strategic plans and recommend specific activities to achieve the objective and plans at the macro, medium and micro levels.

Successful completion of this Activity should lead to a more competitive PV VC with clear directions for accelerating future growth.

OUTCOME/FOLLOW-UP: This Activity supported PV VC members to develop and then implement a feasible strategy to secure continuous development and growth of the value chain. The strategy consisted of two parts. The first part analyzed the VC’s main strengths, weaknesses, opportunities and threats (SWOT). The findings were then used as the basis for the second part, strategy development. It also provided very detailed VC structure and analysis in regards to the production and export performance of the PV VC. The second part of the document was elaborated a strategy that included objectives, priorities and measures per priority that should be realized during the 2011–2015 period. The strategy development process was highly participatory and included significant direct involvement of PV VC participants and other relevant stakeholders. Once prepared, the draft document was reviewed by PV VC Coordinator and MAP Managing Board members. Based on their input, the document was fine-tuned and submitted for approval. The final version of the Development Strategy was delivered to AgBiz on September 24, 2010. AgBiz PV VC Coordinator will work with MAP and other stakeholders on strategy implementation during the following quarters. For more details see “*Integrated Strategy to Accelerate the Development of the Processed Vegetables Value Chain*” included on the CD-ROM version of this report.

COST: Total Cost: \$4,937; AgBiz Share: \$2,437, or 49%.

1.3 **WINE VALUE CHAIN – GORAN DAMOVSKI, VALUE CHAIN COORDINATOR**

Value Chain and Work Completed during the Quarter Overview

As one of the largest agribusiness sub-sectors in Macedonia, and one of the most export-oriented, the wine VC is represented by 87 officially registered wineries—a few are newly registered, but others are closing down. The majority (90%) of the wineries have a capacity of up to 50,000 hectoliters (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, partly because white wine is used for the production of rakija. According to State Statistical Office data, Macedonian wine exports were worth \$52 million in 2009, of which only 31% was sold as bottled wine, while 69% was sold as bulk wine. Due to the negative effects of the global economic slowdown, export sales in the first two quarters of 2010 slightly increased in volume but decreased in average price—from €1.51 to €1.24 Euro for a bottle of wine and €0.44 to €0.37 for bulk. This is a strong indicator that the wineries are faced with a serious challenge to identify sufficient markets for their wine, and they have to trade down to secure sufficient sales. Serbia remained the top export destination for bottled wine and with Croatia and Bosnia and Herzegovina, that country represents 83% of total bottled wine exports. Germany accounts for 55% of bulk wine exports.

As expected, there is a serious surplus of wine grapes, and wineries have 80–85 million liters of wine on stock—a major excess carryover from previous seasons. The surplus supply of wine grapes has resulted in public-private dialogue preoccupied with low wine grape prices and the inability of wineries to purchase all available wine grapes. After a series of meetings between grape growers, wineries and MAFWE/GoM, an ad hoc subsidy was designed for buyout of more than 65% of 2009 quantities. However, that is not likely to improve considerably the excess wine grape supply situation. Limited access to finance has reduced the financial liquidity of wineries and additionally burdened the capacity of wineries to purchase wine grapes.

After finalization of the first call for IPARD applications, it is obvious that eligibility criteria are not favorable or adequate to develop the wine sector. Generally, it seems larger wineries that are capable of making the investments are above the eligible size limits and smaller wineries are not capable of investing in upgrading to Community standards. Adoption of the new wine law has not been followed with the expected implementing bylaws. The Invest in Macedonia Agency, although with expended authority, is still not functional for export promotion, whereas MAFWE's Strategy for Viticulture and Wine is being finalized.

During the Quarter, AgBiz continued to provide assistance to wine VC participants to enhance their export competitiveness. The program coordinated public-private dialogue toward establishing buyout prices and resolving the excess wine grape situation. In September, AgBiz facilitated the fourth and final workshop for developing the Sector Export Promotion Plan (SEMP) for Macedonian wines, jointly with the Dutch Centre for the Promotion of Imports from Developing Countries (CBI). The program also coordinated preparations for organizing Wine Road Show presentations of 10 wineries in Warsaw and Amsterdam to be held in October. AgBiz engaged a consultant to develop a Wine Sector Industry Performance Survey to provide comprehensive and relevant industry data and enable a serious and more analytical approach to production planning and the overall development of the VC. At MAFWE's invitation, the AgBiz Deputy Chief of Party (DCoP) for Technical Operations and Wine VCC participated in the Fifth Agricultural Cooperation Forum between China and Central Eastern European countries (CEECs) and presented an overview of the Macedonian wine sector and opportunities for wine exports to China. AgBiz coordinated several meeting with the Wines of Macedonia (WoM) trade association Management Board; encouraged members to continue developing the association's structure; and provided technical advice on how to develop internal procedures, an operational plan and programs for improvements in backward linkages with grape producers and coordinating with relevant GoM institutions. AgBiz supported access to relevant market information through purchase of the Euromonitor's market information package called "Passport" for EU and Balkan markets, but the subscription was postponed until next quarter.

The last grant Project with Agrolozar/Dalvina winery was closed on September 30. The Project accomplished almost all objectives except for projected sales to regional markets, which are being delayed due to financial difficulties in regional economies and therefore late development of a regional sales network. Dalvina made a significant move forward in terms of sales on the domestic market, signed a strategic partnership with an importer and sent the first shipment of 16,000 bottles of high quality wines to Poland, arranged a second export shipment to China and is still negotiating to enter several big supermarkets in Germany. The Program continued monitoring implementation of finished grant Projects with Bovin, Popova Kula and Valandovo. Despite the significant difficulties of the situation in world wine markets, all Projects have showed modest but positive results in sustaining current and expanding into new export markets.

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 1.3.3 below.

Activity	Expected Result	Result Achieved
AgBiz/CBI Platform for Developing a National Sector Export Marketing Plan	Fourth SEMP workshop and final draft of the National SEMP developed	Completed, see Section 1.3.3.1
ProWein Wine 2010 Trade Fair Follow-up	6-month follow-up report completed	Completed, see Section 1.3.3.2
Participation in the Fifth Agricultural Cooperation Forum between China and CEECs	Investigate opportunities to establish cooperation and trade relationships with potential Chinese buyers	Completed, see Section 1.3.3.3
Wine Road Show Presentations of Macedonian Wineries in Poland and the Netherlands and Buying Mission to Macedonia	AD approved, event organizers in Poland and Netherlands contracted, venue arranged, MoU signed with CBI, Lols with participants signed	AD approved, event organizers in Poland and Netherlands contracted, venue arranged, MoU signed with CBI, Lols with participants signed
Support Wines of Macedonia Access to Management Information System (MIS) from Euromonitor	Contract signed with WoM and access to MIS from Euromonitor obtained	Access to MIS from Euromonitor postponed for next quarter
Wine Industry Performance 2009 Survey	Survey developed	Survey in progress, will be finished on 15 October

1.3.2 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
VALANDOVO: Shift from bulk to bottled wine sales; increase the quality of the grapes produced; successfully adopt new quality wine production technologies; enlarge winery capacity, including production of oak barrel-aged (barrique) wines; enhance the image of Valandovo wines; open new export market possibilities and increase total sales; establish new vineyards with high quality varieties; facilitate new direct and indirect employment.	Closely monitor and obtain grantees' quarterly indicator data	During the Quarter, Valandovo Winery was fully focused on the harvest. Problems with water supply for irrigating grapes were partially resolved by digging additional wells. Minimal rainfall before the harvest reduced damage and negative impact on the quality of grapes and vitality of the vineyards. Although the global economic slowdown significantly affected regional wine markets, the winery continued to focus on increasing sales of bottled wine under its own brand and through its marketing channels, particularly in Croatia, Bosnia and Herzegovina and Serbia managed to maintain export sales levels. Started distribution of Valandovo wines on the domestic market.
BOVIN: Enhance the production of barrique wines with technology that will enable the introduction of a new type of wine with higher value, quality and price. Create the pre-conditions, including a modern tasting room, for developing wine tourism as an additional sales channel.		Although the global business climate for wine sales is still not at the level as before the crisis, Bovin wines export sales show slow growth. There is good interest, and Bovin is negotiating new orders from the Netherlands, Poland, Australia and Iceland. Bovin enjoyed many visits from tourists to Macedonia, as well as those traveling to Greece. Visitors were fascinated by the barrique wines and purchased important quantities. Barrique wines have been well accepted in all sales channels, increasing Bovin's brand recognition and sales of Bovin wines. The 2010 harvest is ongoing, and Bovin is very satisfied with the quality of their grapes. Unfortunately, due to lower 2010 sales, Bovin has a limited need for grapes, so the quantities purchased from local farmers this year will be substantially smaller than in previous years. New varieties of San Giovese, Tempranilo and Petit Verdot have started to yield, so new wines will be produced from these varieties, probably to blend with Macedonian indigenous varieties. The two promotions in Poland and the Netherlands supported by AgBiz are expected to result in a significant push for Bovin wines, and will open new doors of opportunities in Polish and Dutch markets.
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.		Completed, see Section 1.3.4.1
POPOVA KULA: Increase export sales from current €120,000 to €700,000 per year over the next three years; significantly expand exports of bottled wine to the Polish market and make it a key growth driver for the company; support Polish market sales by achieving a superior mix of product offering, marketing support and promotional tools.		The goal of Popova Kula, after stabilizing sales, is to constantly increase their product portfolio and number of Polish supermarkets in which they are present. Marketing activities, especially those supporting an increased in-store presence, had a significant positive impact on positioning in supermarket chains and on raising consumer awareness of Popova Kula wines. As a result, Popova Kula shipped 15,000 bottles of wine to Poland. Sales are steadily growing, and a new

Project Title	Objective	Result Achieved during the Quarter
		order of 12,000 bottles from the Polish branch is currently in preparation. Negotiations with one of the biggest supermarket chains in Poland are underway, are expected to be finalized very soon and will lead to an additional increase in near term sales.

1.3.3 Competitiveness Enhancement Activities Completed during the Quarter

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

DESCRIPTION/OBJECTIVE: Individual wineries' efforts to market their wines outside Macedonia are obstructed by very limited recognition of Macedonian wines by international buyers and consumers, so any serious plan for developing and implementing a medium- to long-term national origin promotion program requires a broad platform and a joint effort between the private and public sectors.

In their commitment for developing the export competitiveness of Macedonian wineries and enhancing sustainable export sales, AgBiz and CBI identified the need to develop a National Sector Export Marketing Plan that would integrate private sector and GoM interests, based on EU wine market analysis and the identified competitive advantages of Macedonian wines.

After a kick-off meeting in December 2009 with all relevant stakeholders in the Macedonian wine sector, CBI and AgBiz organized a process of four two-day workshops for developing a Wine SEMP focused on the EU market. The SEMP defines 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. All stakeholders, including the ministries of Agriculture and Economy, participated in the process. CBI is providing full facilitation and guidance, including relevant EU market data and expertise. AgBiz is coordinating all participants to provide significant input and relevant domestic industry data.

OUTCOME/FOLLOW-UP: The fourth SEMP workshop was held on 15 and 16 September. All participants, including representatives from export wineries, MAFWE and the Union of Chambers of Commerce, worked to put all previous analysis together and finalizing the Marketing Plan. The group established an Objectives and Strategy and Positioning Statement for all five selected markets, identified Marketing Instruments and Techniques and conceptualized a list of bottlenecks turned into short-, medium- and long-term priority actions. In the next two months, the draft Marketing Plan will be refined into one comprehensive SEMP document that will be presented to MAFWE to be integrated into the overall Strategy for Viticulture and Wine, as well as to other donors to support its implementation. The Wine 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.

COST: Total Cost: \$4,027; AgBiz Share: \$1,290, or 32%.

1.3.3.2 ProWein 2010 (Six-month Follow-up Report)

DESCRIPTION/OBJECTIVE: ProWein, the most relevant wine 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, renew business relationships and agreements and create new business. Based on results from 2009, a group of 11 wineries expressed strong interest and commitment to exhibit at ProWein 2010. Being very complementary with AgBiz objectives, CBI, AgBiz, and MoE agreed to cooperate and support Macedonian wineries to exhibit and promote their wines at ProWein 2010.

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/FOLLOW-UP: All participating wineries continued intensive communication with most prospect contacts and partnerships established as a result of exhibiting at the Macedonian National Pavilion at ProWein 2010. Although the German and EU markets are still oversaturated with wine, and therefore importers are reluctant to expand imports, wineries reported continued export sales in the six-month follow-up. Skovin has sustained its German market and sent to Germany an additional two million liters of bulk plus around 15,000 liters of bottled “Macedonian Red” wine in 1.5-liter bottles. Popova Kula continued exports with a new order for 400 bottles through their importer for Holland and Germany. Stobi exported an additional 15,000 liters through their representative for Germany and Holland. Imako Vino delivered orders worth €31,850 for Germany, and sent a trial shipment to France valued at €3,500 received last quarter. Bovin received a new order from a buyer in the Czech Republic for 5,000 bottles, and sent 3,000 bottles to Holland. Dalvina concluded intensive negotiation with a company they met at ProWein, and established a strategic partnership with a company for the Polish market. During the Quarter, Dalvina shipped their first 16,000 bottles to Poland and reported good initial sales.

Wineries will continue to pursue key contacts established during the ProWein and effectively service contracts signed for exporting their wines. Being present at ProWein for several years, wineries started to think about opening branch offices in EU target markets. To enhance competitiveness in desired price segments, some participants considered the opportunity for developing strategic partnerships and joint investment with potential partners in bottling lines, storage capacities and distribution systems. 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. Although all participating wineries reconfirmed the international character of ProWein and the importance of being present as the single most important wine fair in Europe, due to the overall economic slowdown and lack of donor and MoE funding and with no functional Export Promotion Agency, participation at ProWein 2011 is not very likely.

For more details see “*Activity Six-month Follow-up Report ‘ProWein 2010’*” included on the CD-ROM version of this report.

1.3.3.3 Fifth Agricultural Cooperation Forum between China and Central Eastern European Countries

DESCRIPTION/OBJECTIVE: China has enjoyed fast economic growth for many years. The country continues to emerge as an economic powerhouse, projected to be the world’s fourth largest economy within two years. In 2009, China’s economic performance was stunning, and the stability of the economy has been continuously improving. The country’s gross domestic product (GDP) in that year was RMB (Chinese currency) 33,535.30 billion, an 8.7% increase over 2008.

From 2006 to 2009, *Agricultural Cooperation Forum* workshops on Agricultural Economy and Trade Cooperation, and agricultural business talks between China and CEECs, were successfully organized by the People’s Republic of China’s (PRC) Ministry of Agriculture. These played a positive role in promoting cooperation between China and CEECs. A significant number of Chinese enterprises, organizations and institutions established contacts and started cooperation with their counterparts from the CEECs through the above activities. To further promote pragmatic agricultural economic and trade cooperation between China and CEECs, from September 23-26, 2010, the PRC’s Ministry of Agriculture held the Fifth Agricultural Cooperation Forum between China and CEECs, largely aiming at trade promotion.

Delegates from the Ministry of Agriculture and relevant representatives from agricultural entities and agribusiness councils from each of the 13 CEECs (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia) were invited to the forum. On the Chinese side, delegates from the Ministry of Agriculture, local authorities and enterprises from relevant provinces participated.

The overall objective of the activity was to investigate opportunities for establishing cooperation and trading relationships with potential Chinese buyers by participating and giving presentations on Macedonian agribusiness with particular emphasis on wine. MAFWE organized a delegation of ministry and private sector representatives to participate in the forum and invited the AgBiz Wine VCC to join the delegation, present an overview of the Macedonian wine industry and promote their interest in exporting Macedonian bottled wine to China. The Macedonian delegation also visited the Twelfth Jiangsu International Agriexpo and then the Shanghai Expo 2010.

OUTCOME/FOLLOW-UP: The Macedonian delegation, lead by the MAFWE Deputy Minister, participated at the Fifth International Agricultural Business Forum and Agricultural Trade Fair in Hefei, Anhui Province. At the forum, the Deputy Minister gave a presentation on “Macedonia – Quality with Tradition, Your Gateway to Europe; Macedonian Agro Export and Investment Opportunities.” The AgBiz DCoP and Wine VCC presented an overview of the Macedonian wine industry, and a representative from Dalvina winery presented the winery and initial steps they took upon entering the Chinese wine market. All three Macedonian presentations at the business forum focused on two major points: wine exports and invest in Macedonia opportunities. Dalvina also participated as an exhibitor at the fair in Hefei, presented their product range to more than 200 potential customers and established good contacts with potential wine importers and distributors in China.

After the forum, the delegation had a meeting with the Deputy Governor and official representatives from the Government of Anhui Province, at which various opportunities for cooperation on exporting wine and other agricultural products from Macedonia were discussed. The MAFWE Deputy Minister and the Macedonian Economic Promoter in China also presented the platform for investing in Macedonia.

The delegation participated in the Agricultural Trade Fair in Wuxi, Jiangsu Province, where they had an opportunity to meet with the Head of the Jiangsu Chamber of Commerce who is responsible for exporting US\$2 billion and importing US\$8 billion worth of agricultural products annually. He indicated a willingness to continue communications and evaluate the possibilities for importing agricultural products from Macedonia, particularly wine and preserved vegetables, and investigate Chinese private sector interest to invest in Macedonian agriculture as a gateway to Europe. The AgBiz group also established contact with the directors of Metro and WalMart for Jiangsu Province, and discussed opportunities for supplying their supermarkets with Macedonian wine and other products.

In Shanghai, the delegation met with the Vice Chairman of the Global Products Trade Centre that was established to:

- Work as the largest permanent global products exhibition hub in China;
- Serve as China’s biggest imported products distribution center;
- Provide China’s most innovative Internet portal of import information of China; and
- Operate as the United Nations’ largest global procurement and logistics center in China.

The center is supported by the Ministry of Commerce, the General Administration of Customs, China Council for the Promotion of International Trade, China Chamber of International Commerce, United Nations Procurement Division and the Shanghai Municipal Government. The center’s permanent trade fair site was set up to work as a one-stop, multi-functional trading platform showcasing imported products and technology. Through its services, foreign exporters are given the options of long- and short-term showcase modules based on their marketing budgets; opportunities to match with Chinese buyers; and participate at business marketing events with qualified agents, retailers and buyers around China; and provided with support to develop appropriate marketing strategies for the Chinese market.

Based on the results and initial contacts established, AgBiz will initiate a joint meeting with export-oriented wineries and MAFWE to discuss opportunities and investigate the interest and readiness of Macedonian wineries to export wine to China and develop follow-up activities.

COST: Total Cost: \$17,086; AgBiz Share: \$3,278, or 19%.

1.3.4 Business Expansion Projects Completed during the Quarter

1.3.4.1 Agrolozar/Dalvina

DESCRIPTION: Agrolozar started an aggressive forward integration program to add value to their grapes by building a modern winery and establishing Dalvina to operate as a processor and marketer of the wine, and develop and sell high quality bottled wines. Agrolozar applied for AgBiz support to Dalvina to shift from bulk into bottled wine production, apply advanced production methods and oenology techniques, develop an adequate palette of high value-added products, create a visual identity for their

products and winery and develop and implement an extensive export promotion program to enter and sustain their presence in new regional and international markets.

A. Brief comparison of actual Project accomplishments compared to Project goals and objectives.

OBJECTIVE: Shift from bulk into bottled wine production and develop an adequate product palette of high value-added products.

ACCOMPLISHMENT: With the objective of making premium quality wines with a modern, light taste to meet the preferences of European consumers with a recognized designated origin—Macedonia—the company hired a German oenology expert to lead their wine-making efforts and work closely with young, local oenologists to transfer to them the secrets of making premium bottled wines using modern technology. The winery developed a full portfolio in two price level product lines, one red Vranec and one white R'kaciteli in the regular segment, and a full range of premium wines that includes world renowned Merlots, Cabernet Sauvignons, Chardonnays and Sauvignon Blancs, in addition to indigenous varieties like Vranec and Zuplanka. Dalvina expanded their bottled wine palette with several blends and two barrique wines. Having the expertise and targeting a specific niche market in Germany, the winery developed a special wine from Muscat Trollinger in two variations, dark and light rosé. With this business expansion Project, Dalvina made a substantial investment by purchasing a modern bottling line and additional equipment that allowed the winery to bottle wine according to the latest trends, with a final package that fully satisfies the strictest international norms. This has allowed the company to achieve their objectives and fully shift from bulk wine to production and sale of bottled wine.

OBJECTIVE: Create a positive visual identity for Dalvina products and winery, and initiate a serious marketing program to enter and sustain export markets, with particular emphasis on Germany.

ACCOMPLISHMENT: During the grant period, Dalvina finalized their portfolio of high quality bottled wines and developed contemporary and eye catching labels that appeal to consumers and fully satisfy EU requirements. The winery also enhanced the visibility of the company and the brand name by designing and printing a promotional catalogue, and designing and posting a web portal. Dalvina management was primarily focused on sales and identifying opportunities for penetrating the domestic, as well as entering new export, markets. After the first trial export shipment of 5,400 bottles, the winery presented its wines at one of the most relevant wine trade fairs in Hong Kong and through a Chinese distributor, arranged several successful B2B meetings that resulted in an additional order for 15,000 bottles. Participation of Dalvina at the Moscow Wine Trade Fair resulted in serious contacts with key wine importers and distributors. Based on intensive marketing and promotional efforts, Dalvina established a strategic partnership with an importer and distributor from Poland, and sent the first shipment of 16,000 bottles at the beginning of June 2010. Dalvina engaged G-Wein GmbH, a German wine merchant, to represent Dalvina wines in the German market, investigate market opportunities and establish contacts with key potential buyers including big supermarket chains. In March 2010, the winery successfully participated in the big ProWein wine fair in Germany as a part of the Macedonian National Pavilion. They presented their wines to a wide audience of wine professionals and had a number of meetings with respected wine importers and merchants, as well as some of the biggest supermarket chains (e.g., ALDI and Kaufland). At the fair, Dalvina's Cabernet Sauvignon was presented at a tasting organized at the stand of the Menninger Magazine. Due to a shift in focus toward and initial success in the Chinese market, Dalvina participated in the trade fair in Shanghai in September (instead of the London International Wine Trade Fair) that expanded the horizon of potential Chinese importers and secured new orders from Chinese buyers.

Dalvina was also focused on establishing a sales network for the domestic market. Their wines are already present in Vero and Tinex, the two biggest supermarket chains in Macedonia, and they continue to appear on the wine lists in hotels and restaurants, primarily in larger cities.

B. Reasons why any established Project objectives were not met, if that was the case.

All Project objectives were met, and no problems were encountered concerning Project implementation.

C. Other pertinent information, including an explanation of any under-achievement of projected Project indicators, key lessons learned or award budget deviations.

One cause for delay in the accomplishment of export sales projections was the time needed to achieve a greater understanding of the specifics of targeted markets and identify export opportunities. As a result, but also combined with the negative impact of the global economic slowdown, export sales indicators on international and regional markets were not fully accomplished. Dalvina management continues to be dedicated to internal marketing and sales capacity development. They are working to identify and recruit an experienced and proven marketing specialist that will manage the successful introduction of Dalvina wines in regional and international markets. At the same time, the company hired a Marketing Assistant to implement some less complex marketing activities and assist the Chief Executive Officer (CEO). Using the services of G-Wein GmbH to represent Dalvina wines in the German market significantly helped the company to establish contacts with key potential buyers. Serbian importers visited Dalvina and discussed a potential partnership, and the winery is still working to identify a reliable distributor for Croatia.

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 Activities are designed to enhance the competitiveness of more than one AgBiz-supported VC.

1.4 POLICY AND INSTITUTIONAL REFORM

Area of Focus and Work Completed during the Quarter Overview

Macedonian society is exposed to extra expense and lost time due to a lack of public debate on newly proposed laws and regulations that leads to the need for frequent alteration of laws after implementation. Companies have a difficult time tracking legal alterations, and in most cases, there is very little time for the private sector to respond to proposed regulations. Involvement of the private sector through trade associations to develop assessments, recommendations and resolutions is crucial to support export competitiveness enhancement in this phase of program implementation. Constraints to successful Policy and Institutional Reform (PIR) advocacy still exist due to the lack of knowledge and experience of private sector entities. Good PIR work is one consideration for the overall development of trade associations. In addition to support to associations to properly identify and prioritize PIR Needs (PIRNs), AgBiz coordinated efforts and collaborated with the MAFWE's Department for Agricultural Policy Analysis and e-Gov project on PIR.

The Policy and Institutional Reform Activities conducted during the Quarter are outlined below.

1.4.1 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	Completed, see Section 1.4.2.1
Support to Shumski Plod to Address the Multiple Taxation of the WGP PIRN by Engaging a Legal Expert	Activity completed and Activity results report prepared	Completed, see Section 1.4.2.2
Assessment of GoM Subsidies and their Impact on the Export Competitiveness of AgBiz-supported VCs	Completed	Draft final report submitted. Comments from AgBiz pending.

1.4.2 Competitiveness Enhancement Activities Completed during the Quarter

1.4.2.1 *Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture*

DESCRIPTION/OBJECTIVE: The objective of this Activity was to assess the impact on Macedonian agribusinesses' export competitiveness and on seasonal workers utilized by agribusinesses of full compliance with existing seasonal labor and social benefits laws, and to recommend adjustments to Macedonian labor and other related laws to significantly reduce the negative impact on both employers and workers of current seasonal labor employment regulations.

OUTCOME/FOLLOW-UP: AgBiz supported a comprehensive study of this problem in the supported sectors, although the recommendations are relevant to any industry sector in the country using seasonal labor. It is necessary to review national labor legislation, in accordance with European legislation and full implementation in practice. Changes should be directed toward making it possible for people under social welfare, pensioners, students, unemployed and other categories to easily register and start temporary employment as seasonal workers, but not lose the previously acquired benefits of their status after they finish their seasonal work. This requires a multidisciplinary approach since several government authorities

are concerned. In the upcoming period, AgBiz will establish working groups with representatives from the private and public sectors to propose solutions to the GoM. For more details see “*Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture*” included on the CD-ROM version of this report.

COST: Total Cost \$: 9,127; AgBiz Share: \$4,755, or 52%.

1.4.2.2 Support to Shumski Plod in Addressing the Multiple Taxation of the WGP PIRN by Engaging a Legal Expert

DESCRIPTION/OBJECTIVE: Given that 90% of the land that serves as the natural resource for wild products gathering (forests and pastures) is owned and managed by the GoM, the GoM therefore regulates utilization of these resources. MAFWE, as the responsible authority, established a new Law on Forests, in a more or less transparent way, which was adopted by the GoM. The law is far from complete, however, as it is missing bylaws for several major components. The new law specifies the public enterprise Makedonski Shumi as the sole manager of the forests, including the Wild Gathered Product (WGP) therein, and gives it the right to charge fees for using natural resources sourced from publicly owned land. Shortly afterwards, Makedonski Shumi developed and mailed to WGP companies a pricelist for collecting WGP on public land. They also requested that all WGP companies sign a contract to pay 15% of the value of their WGP yearly purchases to Makedonski Shumi. Recognizing the chance to profit, the public enterprise for pastures management also announced that they would look into the possibility for charging fees for WGP collected on land under their management. As WGP companies consider this unlawful, an initiative was introduced for Shumski Plod to address MAFWE as the owner of the forests and the competent authority, with the objective of clarifying and making the Law on Forests regulations less inhibiting to Macedonian WGP exports. A few years ago, the Ministry for Environment and Physical Planning (MoEPP) introduced an “Ecological Tax” that was initially paid to the Environmental Fund within MoEPP. Later, the GoM canceled the Environmental Fund within MoEPP and re-routed the funds from the Ecological Tax to the general GoM budget. With several entities charging fees to the WGP VC and the existing Ecological Tax, now an export customs tax, there is tendency for multiple taxations of collected WGP.

OUTCOME/FOLLOW-UP: After engaging a service provider, Shumski Plod members participated in several sessions with MAFWE and Makedonski Shumi representatives to work on law modifications and the new bylaws on WGP. In addition, Shumski Plod members participated in the AgBiz-organized study tour to Bulgaria with the aim of transferring experience on how WGP are regulated in a new EU member state. These discussions with WGP stakeholders resulted in a clear vision for Shumski Plod members regarding the optimal structure of the regulations to be proposed. Upon finalization by the service provider, the proposal was presented at the next meeting of the MAFWE working group that drafts modifications to the law and the new bylaws on collecting and exporting WGP.

Due to the structure of the proposal and its connections to different legal documents, MAFWE conducted an analysis, both on existing national legislation regarding WGP and on the possible impact of the solutions proposed by Shumski Plod. MAFWE feedback was that the proposal was acceptable to MAFWE representatives but not to Makedonski Shumi. This resistance was caused by the service provider’s inability to collect information on how the proposed model would impact their plans and the fact that the proposed model, if implemented, would shift decision making toward MAFWE. After a period of internal discussions, Makedonski Shumi submitted a proposal that was a slight modification of the original. This time, the percentage to be paid to Makedonski Shumi was a fixed amount per kilogram of different WGP.

The Shumski Plod proposal, including the benefits to all stakeholders if introduced, was submitted to the GoM and the cabinet of the Minister for Agriculture. At this point, Shumski Plod members are aware that their efforts to introduce the proposed model will need continued follow-up until the final introduction of the recommendations in national legislation.

COST: Total Cost: \$2,765; AgBiz Share: \$2,065, or 75%.

1.4.3 Priority PIRNs Identified During the Quarter

1.4.3.1 Establishing an Agricultural and Rural Development Council

DESCRIPTION: According to the new Agriculture and Rural Development Law (Article 18) for the purpose of planning, implementation and monitoring of national agricultural policies, MAFWE will establish partnerships with agriculture and rural development councils, sub-sector working groups and the inter-ministerial body for rural development. Articles 19–24 define more clearly the role, responsibilities and activities that should be undertaken by the council and sub-sector working groups. The main function of the above-mentioned entities is to have direct and continuous contact with MAFWE, meet regularly, discuss the existing situation and shortcomings and propose corrective measures. A representative of processing industry is anticipated to have a full-time membership.

FOLLOW-UP: No progress has been made to date to the establishment and implementation of the council and working groups, thus leaving the business community without a direct and continuous dialogue with MAFWE officials. AgBiz will therefore intensify communication and dialogue with MAFWE during the next quarter to foster the process of establishing the council.

1.4.4 Constraints on the Competitiveness of Macedonian Agribusiness Exporters

1.4.4.1 Law on Agriculture Terms and Conditions for Contract Farming

DESCRIPTION/OBJECTIVE: A very unconstructive and uncertain business atmosphere for wineries, fruits and vegetable processors and fruits and vegetable traders was created when the GoM announced the newly proposed articles in the Law on Agriculture regarding contract farming terms and conditions. To help small producers by regulating the relationships between producers and buyers, the government entered an area that is not possible to regulate without taking into consideration the free market economy, normal price formation practices and supply and demand trends. The specified terms regulating buy-out of goods and the form and content of agreements will cause significant problems between the parties and eventually between them and the government before the end of the upcoming season. AgBiz anticipated these outcomes, and on several occasions acted together with the private sector to enlighten GoM 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: During the Quarter, AgBiz supported PV VC members to communicate with MAFWE regarding these bylaws. MAP Managing Board members met with the MAFWE Deputy Minister, Mr. Perica Ivanovski, and provided constructive comments on several articles in the bylaws that regulate buy out of agricultural raw materials. The comments were taken into consideration by MAFWE. Also, AgBiz continued to monitor the situation with adoption of the proposed contract farming model and development of the related bylaws. The program initiated a survey to address the possible negative implications the new Law on Agriculture and Rural Development, its bylaws and the contract farming model proposed by MAFWE might have on export competitiveness. The completion of this Activity is expected in November 2010, to include presentation on final outcomes.

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

DESCRIPTION/OBJECTIVE: Taking the 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 the term “Macedonia” in the Protected Geographic Indication (PGI) list for wines, effective August 1, 2009. Subsequently, the Greek Embassy in Berlin pressured German supermarkets to withdraw Macedonian wines from their shelves, but these efforts were unsuccessful. In March, trade fair organizer Messe Dusseldorf, again under pressure from the Greek Embassy, requested that all Macedonian wineries

exhibiting at ProWein 2010 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 catalogues and other promotional materials, the exhibiting wineries had a serious problem.

To resolve the situation, a delegation composed of representatives from the Ministry for Foreign Affairs, Secretariat for European Integration (SEI), MAFWE and the official Macedonian representative in *Organization Internationale de la Vigne et du Vin* (OIV) met several times with the representatives of the wine committee under the European Commission in Brussels. This committee is responsible for the protocol signed between Macedonia and the EU that defined wine trade between the Republic of Macedonia and the EU.

OUTCOME/FOLLOW-UP: The Macedonian delegation appealed and presented its case and provided an extensive explanation of the implications of the dispute on Macedonia. At the last meeting, the Macedonian team proposed the name “Macedonia” to be defined as a homonym, i.e., a joint name for geographic indication of origin that can be used by more than one country. The case was clearly justified and other examples within the EU were presented (including the homonym “Trakia”) accepted by both Greece and Bulgaria.

A decision from EU Commission Wine Committee should be conveyed to the SEI and MAFWE before the end of 2010. In case of a negative outcome, Macedonia has the right to appeal and present the dispute in front of the World Trade Organization. AgBiz remains committed to fully coordinating with the private sector and will organize a workshop to inform the wineries about the current status and the GoM strategy to avoid export limits on Macedonian wine.

I.5 ACCESS TO FINANCE

The following section describes the substantial work done during the Quarter, primarily by the AgBiz Finance Manager, in the Access to Finance AoF, with the goal to improve customers’ access to finance.

Area of Focus and Work Completed during the Quarter Overview

This AoF helps customers 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 of financial institutions. AgBiz 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, and those most appropriate for them in the current economic situation.

During the Quarter, an IPARD study tour to Bulgaria was organized for banks representatives where representatives of four Macedonian banks had an opportunity to share experience with their Bulgarian colleagues regarding financing IPARD/Special Accession Program for Agriculture and Rural Development (SAPARD) applications and better understand opportunities for financing this type of project. A presentation of the updated Agribusiness Financial Manual was held in Negotino, and over 50 companies received the latest information regarding the financial sector and available financing products. Also, five banks made presentations on their own financial products.

Improved and detailed access to finance assistance was provided to one company and one individual, resulting in the utilization of \$50,000 in financing. Four companies received export insurance policies for their exports to EU markets. Together with the Macedonian Bank for Export Promotion (MBEP) Chief of the Credit Insurance Department, AgBiz presented the export insurance product to two companies with its advantages, and the possibility for 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, United Kingdom, Serbia and Croatia was then estimated by the MBEP.

The latest news is that the Agricultural Credit Development Fund (ACDF) became part of the MBEP under their Credit Department.

The Macedonian financial sector became more stable and transparent during the Quarter. 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 rates and collateral, especially on real estate loans, were less rigid than last year. Interest rates have stabilized. The time period between loan application and disbursement is similar to that of before the crises. Central Bank measurements taken during the Quarter indicate the possibility of decreasing interest rates, and the Central 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 MBEP and disbursed through seven commercial banks has excellent rates of utilization by Macedonian companies.

Due to new financial institutions in Macedonia, and new borrowing procedures and conditions, the project updated the Agribusiness Financial Manual. Now that the manual has been published, workshops were organized for AgBiz customers to present potential borrowers with the most relevant terms and conditions in all financial institutions, including IPARD and GoM funds.

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. ACDF also provides favorable conditions for agribusinesses that are attractive to 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 program customers. The outstanding portfolio for this loan product is currently above €50,000,000. Loans funded by ACDF still have the most competitive interest rate, and the maximum loan amount that can be approved has increased on €400,000. Overall, while accesses to finance processes are still conservative, difficult and inefficient for AgBiz customers, some moderation took place during the Quarter.

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.

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
Workshop on Presenting the Updated Agribusiness Financial Manual	Activity completed	Completed, see Section 1.5.2.1
IPARD Study Tour to Bulgaria for Bank Representatives	Activity completed	Study Tour in Bulgaria implemented; Activity Results Report will be completed in the first quarter of FY '11.

1.5.2 Competitiveness Enhancement Activities Completed During the Quarter

1.5.2.1 Workshop on Presenting Agribusiness Updated Financial Manual

DESCRIPTION/OBJECTIVE: AgBiz, in cooperation with Macedonia Competitiveness Project (MCP), held a workshop where the updated version of the Agribusiness Financial Manual was presented. Five banks participated in this event and presented details about their products and services.



PHOTO CREDIT: AGBIZ STAFF

The updated Agribusiness Finance Manual was presented at a workshop in Negotino.

A presentation of the manual was made to provide a simple, straightforward explanation of the range of financing products and services available to Macedonian agribusinesses to better educate business owners on the types of financing that may be appropriate for their businesses, the expectations/ perspectives of lending institutions and how to improve the likelihood of receiving financing with the terms and conditions best suited to their circumstances.

OUTCOME/FOLLOW-UP: More than 50 companies from the Tikvesh area were present at this presentation. They received detailed information on a wide range of financial institutions and types of financing for agribusiness

expansion projects. These presentations enable AgBiz customers to efficiently and effectively source and identify that are currently available (or available in the future), and provide information on sources of financing and how agribusinesses can optimally prepare for and seek such financing and explanatory information. Presenting advanced financial instruments such as factoring, forfeiting and export insurance can increase the knowledge of participants on how to best finance their export sales and receivables.

COST: Total Cost: \$957; AgBiz Cost Share: \$477, or 50 %.

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 occurred in the country. Changes in agriculture were especially significant because of the transformation of agricultural Kombinats. 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.

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. In addition, the lack of market opportunities for agricultural products, due to the global economic slowdown, contributed to a situation where neither producers nor buyers/exporters are satisfied, so implementing the new legislation will be a big challenge for MAFWE.

1.6.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports the results achieved for each Backward Linkages Activity versus the objective for that Activity as established in the last Quarterly Report.

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Assessment of the Impact on AgBiz Supported VC Participants of New Government Legislation Concerning Mandatory Buyout Contracting	An assessment that will focus on the implications of new government legislation concerning contracting and buyout of FF&V products, PV agricultural raw materials and table and wine grapes	AC, AD, Scope of Work (SoW) completed and contract signed with the selected vendor

1.6.2 Detailed Accomplishments vs. Projected Objectives – Projects

The matrix below reports continued progress toward achieving post-Project results.

Project Title	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	Closely monitor and obtain grantees quarterly indicator data	Vigan reported a significant increase in sales during the Quarter. The newly installed freezing capacity enabled Vigan to create an inventory of frozen mushrooms and wild berries.
INTERMAK: Maintain and further upgrade Intermaak's position as one of the leading Macedonian companies processing and exporting wild mushrooms by improving and increasing processing and storage capacity		Intermaak reported increased sales from last year's harvest. As markets slowly recuperate from the global economical slowdown, Intermaak was able to sell the remaining part of their 300 tons of juniper berries. Income from this sale enabled Intermaak to secure working capital for this 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 in additional two EU markets 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. Flores' main storage capacity burned down in a fire, therefore it is anticipated that the company will show decreasing sales as a big part of their stock was also destroyed.
KOKOLANSKI: Improve competitiveness by increasing and improving processing capacity and adopting HACCP food safety principles		Kokolanski sold their entire inventory during the Quarter and therefore reported an increase in sales at the beginning of the season. The main financial results will be reported later in the year as Kokolanski focuses mostly on Lactarius mushrooms.

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 these substantial efforts, only limited progress has been made in developing sustainable trade associations. 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 supported by AgBiz would be very good USAID "legacy institutions."

During the Quarter, AgBiz finalized several activities to strengthen supported associations. Both Shumski Plod and MAEA members had an opportunity to visit similar trade associations in Bulgaria and learn from their experience. Therefore, the level of understanding of good association management practices of both associations was increased. Association members are now more aware of the benefits that a functional organization can bring to the members, and are committed to work together to build the capacity of their 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
Shumski Plod Members Study Tour to the Bulgarian WGP Association	Activity completed and Activity Results Report prepared	Completed, see Section 1.7.2.1
MAEA Management Board Members Study Tour to Bulgarian FF&V Association	Activity completed and Activity Results Report prepared	Completed, see Section 1.7.2.2
Web Site for the Shumski Plod Association	Activity completed and Activity Results Report prepared	Completed, see Section 1.7.2.3
Support of FP Association to Develop a Strategy and Activities Plan	Activity completed and Activity Results Report prepared	Five-Year Strategy and Action Plan for MAEA finalized and approved; MAEA General Assembly meeting moved to FY '11 due to the season and member unavailability.
Establish Partnership (Support) Agreements between AgBiz and Selected Trade Associations	Activity completed and Activity Results Report prepared	Contract signed with MAP; signing of subcontracts with the remaining associations will be finalized in FY '11.
Support Association Development by Organizing a Study Tour/Workshop on Producer Organizations via Train-of-Trainers	Activity completed and Activity Results Report prepared	Activity replaced with the development of Five-Year Strategy and Action Plan for MAEA as the implementation schedule between the participants and the organizer was not compatible.

Activity	Expected Result	Result Achieved
Develop an Analysis and Workshop on Supporting the Formation of Producer Groups	Activity in implementation	Activity concept approved; activity moved to FY '11 as additional logistics coordination with <i>Nederlandse Vrijwilligers</i> '9Foundation Netherlands Volunteers [SNV]) as implementing partner was needed.

1.7.2 Competitiveness Enhancement Activities Completed during the Quarter

1.7.2.1 *Shumski Plod Members Study Tour to the Bulgarian WGP Association*

DESCRIPTION/OBJECTIVES: After forming the association and on more than one occasion, members demonstrated unity when dealing with constraints. AgBiz continues to offer available support to the newly established associations to strengthen their internal capacity and reach sustainability. As Shumski Plod is a newly established association with no clear financing, management and sustainability model, support to help it reach sustainability and organizational functionality is needed.

A visit to a developed WGP trade organization can help Shumski Plod members achieve a better understanding of the role an association can have in the developing the WGP VC. Learning about past and current trends in the Bulgarian WGP VC can also provide valuable information to Shumski Plod members regarding future trends that will develop in Macedonia as it moves towards joining the EU.

OUTCOME/FOLLOW-UP: A total of 10 Shumski Plod members participated in the Activity and attended several meetings with stakeholders in the Bulgarian WGP VC. Representatives from the Bulgarian authority for forests management presented their experience from the transitional period and the changes faced in developing national legislation as a result of harmonization with EU regulations. This information was quite interesting for the Shumski Plod members and there was considerable discussion. Association members received valuable information to be used in discussions with MAFWE and the Makedonski Shumi for an argument that taxation of exporters is not an optimal solution, since it was tried in Bulgaria and did not work. During the study tour, Bulgarian WGP companies such as Bioprograma and Litexport were visited, and Shumski Plod members were able to observe the advanced stage of development of these companies.

An official meeting with the Bulgarian Herbs and Mushrooms Association resulted in the exchange of experiences regarding association roles and activities. In addition, setup and functionality models were presented and discussed. The two associations therefore had an opportunity to offer and receive knowledge about improving management setup, functionality and sustainability. It was agreed that this meeting should be the foundation for future cooperation between the associations. It was also agreed that Shumski Plod and the Bulgarian Herbs and Mushrooms Association will sign a Memorandum for Cooperation to formalize their intentions for cooperation. For more details see "*Activity Results Report 'Shumski Plod Members Study Tour to the Bulgarian WGP Association'*" included on the CD-ROM version of this report.

COST: Total Cost: \$5,922; AgBiz Share: \$2,422, or 41%.

1.7.2.2 *MAEA Management Board Members Study Tour to Bulgarian FF&V Association*

DESCRIPTION/OBJECTIVES: After conducting an analysis to identify the interest and commitment of FF&V VC participants to organize into an association, and finding that there is sufficient interest, AgBiz supported the formation of the MAEA.

AgBiz continues to offer available support to the newly established MAEA to strengthen their internal capacity and reach sustainability. As MAEA does not yet have a clear financing, management and sustainability model, support to help it reach sustainability and organizational functionality is needed. A visit to a developed FF&V trade organization could help MAEA members achieve a better understanding of the role an association can have in the development of the FF&V VC. Learning about past and current trends in the Bulgarian FF&V VC can provide valuable information to MAEA members regarding future trends that will develop in Macedonia as it progresses towards joining the EU.

OUTCOME/ FOLLOW-UP: A total of 10 MAEA members and FF&V VC companies participated in the Activity and attended several meetings with representatives of the Bulgarian Association of Agricultural Producers, the Bulgarian Pepper Association, the Bulgarian Greenhouse Association and the Bulgarian Producers Association. In addition, the associations' organizational structures and functionality models were presented and discussed. Based on that information, MAEA participants had the opportunity to receive knowledge about improving their management setup, functionality and sustainability. This information was considered quite useful by MAEA participants.

In addition, several IPARD-funded facilities for post-harvest handling and processing of FF&V were visited, some developed and managed as a joined venture of association members. A meeting with the Bulgarian Deputy Minister, Svetlana Boyanova and staff in the ministry responsible for development and support of producer organizations agriculture was organized. Experience from the transitional period and changes made in national legislation as a result of EU approximation and regulatory harmonization were presented. Follow-up needs to be implemented to monitor progress on development of the association. Monitoring the increase in visibility of the association and implementation of the activities in the association's Annual Action Plan will also be needed. For more details see "*Activity Results Report MAEA Management Board Members Study Tour to Bulgarian FF&V Association*" included on the CD-ROM version of this report.

COST: Total Cost: \$12,442; AgBiz Share: \$6,042, or 41%.

1.7.2.3 Web Site for the Shumski Plod Association

DESCRIPTION/OBJECTIVES: AgBiz is contributing to the formation of new trade associations and assistance to them to become operational. While undertaking marketing and promotion efforts in a number of AgBiz-supported activities, it became evident that Macedonian WGP companies are not using modern electronic media to promote themselves and their products. The modern era and the need to target Western buyers requires development of Internet-based communications to successfully present products, penetrate new markets and enable potential customers to learn about members' offers and available inventories. A quality web site as a sales tool is highly important for exporting companies and a powerful tool for promoting the work of trade associations. The lack of an appropriate web site for the WGP association and its members was a serious limitation on marketing and promotional activities.

The basic objective of this Activity was to develop a dynamic web site for the WGP trade association that will enable frequent and easy changes to the content with minimal additional cost.

OUTCOME/FOLLOW-UP: An SoW was developed and a service provider selected to develop the web site. The contracted web development company implemented information collection sessions with Shumski Plod members and developed the web solution. The complete content and graphical solution were then developed by the service provider. The web site is posted at www.sumskiplod.org.mk and is available in Macedonian and English languages. The association that is actively recruiting new members now has a comprehensive membership information pack composed of the association's constitution, membership dues, offered services and any other relevant information publicly posted and available to all interested stakeholders. For more details see "*Activity Results Report Web Site for the Shumski Plod Association*" included on the CD-ROM version of this report.

COST: Total Cost: \$3,195; AgBiz Share: \$2,455, or 77 %.

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. Report on completed Activities is presented in Section 1.8.2 below.

Activity	Expected Result	Result Achieved
AgBiz Web Site	Web site updated on an ongoing basis	Completed
AgBiz Conference and Training Calendar	Monthly input provided on AgBiz activities for USAID's Office of Economic Growth (EG) Event Calendar	Completed
Market Information Newsletters	Completed and distributed Market Information Newsletter for the Wine VC	Pending data from State Statistical Office to complete second edition of Wine Market Information Newsletter
Market Information Articles for the Federation of Farmers of Republic of Macedonia's (FFRM) Moja Zemja Magazine	Complete monthly AgBiz market information articles	Completed, see Section 1.8.2.1
Technical Communication Dissemination Plan	Distribution of at least 3 pieces of technical information to stakeholders other than customers	Provided list of AgBiz-supported trade fairs as requested by Union of Chambers of Commerce; 2) updated AgBiz customer profiles for grantees and non-grantees for Israeli Agency for International Development (MASHAV) visitors; and 3) shared Survey on the Performance of the Fruit and Vegetable Processing Industry 2009 with relevant media.
MAFWE Updating	Monthly information provided to MAFWE on AgBiz planned activities	1) Distributed via email Success Stories; and 2) provided list with AgBiz activities to MAFWE's Department for International Cooperation.
Information Sharing with Similar Regional Projects	At least 2 pieces of AgBiz information shared with other regional agribusiness projects	Success Stories shared with Regional Competitiveness Initiative (RCI) projects.
Online Registration of Employments for Agribusinesses – Roundtables	AD developed and approved, MoU developed and signed with USAID's e-Gov Project, 2 roundtables organized in September	AD approved; MoU signed and two workshops organized and completed, one in Strumica attended by 11 people and one in Kavadarci attended by 30 participants; both presentations in cooperation with Municipalities' Local Economic Office.
Success Stories	Stories developed and published monthly	Three success stories completed: "Investing in Organic Pays Off"; "Macedonia Produces High Class Table Grapes"; and "Fresh Produce Leading Exporters Build Their Own Legacy."
Media Exposures	9 media exposures presenting AgBiz activities accomplished	1) Successfully implemented USAID's Program for Macedonian agribusinesses; 2) 7 Macedonian companies attended Fruit Logistica; 3) Hungary, the New Study Tour for Apple Value Chain Participants; 4) "The Wineries are Not the Bad Boys"; 5) "The Product Requires High Quality"; 6) "Macedonia Produces High Class Table Grapes"; 7) AgBiz staff member interviewed by Negotino TV station; 7) "Processing Industry – Big Chances, Low Utilization" and 8) "Success is Dependent Exclusively on Investments in Quality." For more details see "Outreach Releases" on the CD-ROM version of this report.
Environmental Mitigations	Monitor mitigation measures completed by the end of the grant	Completed. For more details see "Environment Mitigation Measures" on the CD-ROM version of this report.

1.8.2 Work Completed during the Quarter

1.8.2.1 Market Information Articles for FFRM's Moja Zemja Magazine

DESCRIPTION/OBJECTIVES: The purpose of this Activity is to enhance, increase and make more useful the current Regional Market Information (RMI) section of *Moja Zemja* and position it as a relevant, sustainable and useful source of market information from the region, through relevant, useful, accurate and up-to-date regional market information to owners/managers of agribusiness small and medium enterprises (SME) from the AgBiz-supported value chains. The goal is therefore to build *Moja Zemja* into a sustainable agribusiness information publication as a legacy service.

OUTCOME/FOLLOW-UP: Cooperation with the Magazine for Agriculture and Rural Development, *Moja Zemja*, was initiated in March 2009 when a Memorandum of Cooperation between AgBiz and FFRM was signed. After the Pilot Regional Market Information Dissemination Activity, which ended in September 2009, AgBiz assessed the activity and decided to extend the partnership with FFRM's *Moja Zemja* for next 11 months, ending on September 30, 2010. The Regional Market Information is now a very relevant section of the *Moja Zemja* magazine. In addition to the enhanced and enriched RMI content, the magazine has been acknowledged both by private sector players, relevant government and other institutions as an important and useful resource for delivering information to a wide audience. Proof of this is the cooperation established with MAFWE, the Agriculture Extension Agency and the Agency for

Financial Support of Agriculture and Rural Development, and the 29 companies that have advertised in the magazine in the last 12 months. Twelve municipalities—Strumica, Novaci, Mogila, Bosilovo, Novo Selo, Vasilevo, Dojran, Vinica, Pehcevo, Krushevo, Probistip and Konce—and the Faculty of Agriculture and the Payment Agency have subscribed as a result of the improved content.

Even though AgBiz support to this Activity ended, the RMI Letter will continue to be published. The MAFWE will continue to provide similar market information to *Moja Zemja* for the region and international markets. For more details see “*AgBiz Press Clipping June-Sep*” and “*Activity Results Report Regional Market Information Dissemination Activity with Moja Zemja*” included on the CD-ROM version of this report.

In addition to the monthly RMI input, AgBiz provided other material that included company and/or Activity-based Success Stories, featured local and international experts via technical interviews and outreach and other market information articles.

For two years, AgBiz has successfully cooperated with *Moja Zemja*. Since this cooperation was based on partnership, the two organizations have identified a new activity that will increase the awareness of FF&V producers about appropriate post-harvest technologies that can optimize the marketed quality for their crops.



Agrolozar Success Story, "Macedonia Produces High Class Table Grapes," published in the September edition of *Moja Zemja*

COST: Total Cost: \$9,342; AgBiz Share: \$8,164, or 87%.

1.8.2.2 Interview with Local Expert and AgBiz Staff Member

DESCRIPTION/OBJECTIVES: The objective of this Activity was to conduct an interview with local agribusiness expert Krum Boshkov (Professor of the Viticulture and Oenology Department at the Faculty of Agricultural Sciences and Food in Skopje) and Lovre Ristevski (AgBiz FF&V Value Chain and Access to Finance Manager) published in the August 30 (daily) edition of *Kapital* magazine.

OUTCOME/FOLLOW-UP: The interview focused on experience gained during technical study tours organized by AgBiz. The release provided an overview of agribusiness in Macedonia and how program customers are implementing the new technologies learned through various AgBiz activities. The interview was uploaded on USAID/Macedonia’s web site under the “News and Events” section:

<http://macedonia.usaid.gov/en/Articles/Article44.html>. For more details see “AgBiz Press Clipping June-Sep” included on the CD-ROM version of this report.

Interview with Krum Boshkov, "Success is Dependent Exclusively on Investments in Quality," published in the August 30 issue of Kapital.

1.8.2.3 Interview with Processed Vegetables Value Chain Contractor Representative

DESCRIPTION/OBJECTIVES: Since the program is widely known in the field and media, due to visible results of supported businesses expansion Projects and capacity enhancement Activities, AgBiz is frequently approached by journalists and media to provide analysis of markets and/or trends for program-supported VCs. Therefore, AgBiz disseminates various press releases to target audiences. One such release this Quarter was the “Survey on the Performance of the Fruit and Vegetable Processing Industry 2009.”

OUTCOME/FOLLOW-UP: The article “Processed Vegetables Industry—Big Chance, Low Utilization” included a synopsis from the AgBiz report on the industry’s performance, and was published in the weekly edition of *Kapital*. For more details see “AgBiz Press Clipping June-Sep” included on the CD-ROM version of this report.

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.

1.9.1.1 Program Development

Activity	Expected Result	Result Achieved
FY '11 Annual Work Plan Workshop	Workshop successfully completed	Completed, see Section 1.9.2.1

Activity	Expected Result	Result Achieved
Quarterly Internal Budget Review	Quarterly internal life of project (LoP) budget review developed	Internal 10 Line Item LoP Budget Developed and Approved by STA/M and CoP
Tetra Tech ARD Subsidiary Office New Representative Registered	Authorize new Tetra Tech ARD Subsidiary Office representative due to Macedonia Local Government Activity (MLGA) Chief of Party (CoP) departure, change Subsidiary Office responsible person	Gjorgji Josifov from MLGA, the new authorized person, was entered into the Central Register for the ARD Subsidiary Office in Macedonia.
Transfer Ownership of the Skoda	Transfer ownership of Skoda to World Learning per USAID rules and regulations	Received USAID Contracting Officer approval; Transfer Agreement, Act of Acceptance and Grant Agreement signed and notarized. Ownership of AgBiz vehicle Skoda formally transferred to USAID/World Learning.
Get USAID Approval for the Revised Performance Monitoring Plan (PMP)	PMP revised based on recent project revisions and approved by USAID	Agreed with USAID Contracting Officer Technical Representative (COTR) and Monitoring and Evaluation (M&E) Specialist to update the AgBiz PMP after the FY '11 Annual Work Plan is approved.
Receive Post-Evaluation Forms of Completed Activities, Assess Data Quality and Enter into the 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 Reports customized and disseminated to responsible Project Coordinators (PCs) to be further distributed to grantees	Project Quarterly Progress Reports were customized and disseminated to responsible PCs that were further distributed to the grantees; received completed reports and updated the matrix for tracking preliminary results on indicators measuring increased production and marketing.
Develop FY '10 Fourth Quarterly Report	Weekly reports produced during the Quarter reviewed and outline Quarterly Report responsibilities developed	Weekly reports produced during the Quarter reviewed; Quarterly Report outline responsibilities developed and input forms customized and distributed.
Update Wine Industry Database	Data on trade flow in Q2 of Calendar Year (CY) '10 obtained and processed; database updated	To become compliant with Internet-based databases and simplify access to data for all interested parties/users, the State Statistical Office is in the process of upgrading their official web site; in the interim, all requests for obtaining data are on hold.
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	

1.9.1.2 External Cooperation/Coordination

Activity	Expected Result	Result Achieved
Cooperation with MAFWE on Assessment of GoM Agricultural Subsidies	Initiated cooperation and data and input received for initiation of the assessment	Meeting held with the MAFWE Dept. for Analyses of Ag. Policies and USAID; received data for initiation of the assessment of GoM agricultural subsidies and suggestions for development of the questionnaire.
Met with Center for Entrepreneurship and Executive Development (CEED) on possible cooperation for promotion of exports to Kosovo, Albania and Serbia	Discussed possibility that Office Business Center Kosovo (OBCK) serve AgBiz clients' interest for enhanced exports to Kosovo	Visited OBCK, a CEED-supported export promotion center in Prishtina, and evaluated opportunities for cooperating to enhance interest of Macedonian agribusinesses to utilize their services; agreed to conduct B2B meetings for AgBiz-selected VC participants during the first quarter of FY '11.
Initiate Cooperation with the MASHAV on Post-Harvest Handling and Planting Material for Fruits and Vegetables	MASHAV delegation in-country hosted; meetings and visits conducted; plans for future cooperation outlined	Conducted visits and meetings with Israeli delegation and AgBiz customers regarding possibilities for future cooperation to improve of pre- and post-harvest handling, possible trade arrangements and investment in nursery for planting material. A study tour to Israel was discussed as a possible next step.
Teamwork with MCP to promote USAID Economic Growth (EG) project services as organized by the Center for Economic Development of Municipalities	Meet with MCP, agree on and conduct presentations of both projects in Kisela Voda	Met with MCP and made a presentation to the municipalities of Kisela Voda and Aerodrom for promoting services that AgBiz can offer to the SMEs.
Explore and coordinate possible joint activities on export promotion with Era	Meeting with Era representative to coordinate activities for European trade fair participation.	Era has partner fairs throughout Europe and is willing to share costs for attending AgBiz customers if there is common interest. AgBiz and Era will coordinate participation in AgroExpo in Bucharest and Fruit Logistica in Berlin.
Meeting with representatives of 20 most relevant wineries and the Deputy Prime Minister for Economic Affairs, Mr. Peshevski, the Minister and the Deputy Minister of Agriculture	Discussion of measures to be adopted by the GoM to overcome difficulties with the significant wine on stock, the seriously decreased capacity and need for wineries to purchase grapes in the forthcoming season	Interventions to resolve the anticipated surplus of grapes were discussed; several measures were proposed by the wineries; the GoM promised to take them into consideration and after evaluating the financial implications come up with final measures to be adopted.

Activity	Expected Result	Result Achieved
Follow-up meeting between the wineries and Minister of MAFWE	MAFWE to present measures that are acceptable for the GoM and discuss effects with wineries	GoM proposed a subsidy of 5.7 MKD per kilo on volume above 65% of last year's buyout. This was not welcomed by the wineries due to their significant wine on stock; they are not able to purchase more than 65% of last year's buyout.
Meeting with MBEP and ACDF	Discussion of possibilities of identifying best and/or creating new loan products specifically for the wine industry	Identified opportunities for wine inventories to be considered as collateral; suggested a conference with the banks, ACDF and MAFWE to work on the subject.
Meet with Director of Macedonian Customs, Mr. Vancho Kargov	Discussion of the problem that occurred with the transfer of jurisdiction for Liquid Petroleum (LPG) excise duty drawback from public revenue office to the customs office	The Customs Office will send a representative to make a presentation on the updated excise duty drawback procedures.
Meet with Mr. Zivko Brajkovski from MAFWE	MAFWE will develop a bylaw for quality standards for fresh produce used by the industry, based on the document developed by MAP/AgBiz.	MAP/AgBiz document on quality standards sent to MAFWE.
Meet with Canadian food importer, Mr. Zoran Cvetkovic	Mr. Cvetkovic to visit Macedonia to organize imports of PV products to Canada for October 2010 to June 2011	List of PV VC members was delivered; newly realized export contracts will be reported in the next reporting period.
Meeting with Standing Working Group for Regional Rural Development (SWG RRD)	Investigation of possible cooperation regarding the proposed activity for forming producer groups	SWG focuses on regional activities involving several countries; development of Macedonian Producer Organization (PO) is not in their current focus.
Meet with SNV and Kiro Dokuzovski, expert in agricultural policy and ex-minister, regarding forming producer groups	Investigation of possible cooperation regarding supporting the forming of producer groups	Agreed with SNV to implement a joint activity for Development of an Analysis and Workshop for Supporting the Formation of Producer Groups.
Meet with Dejan Janevski from MCP regarding the possibilities for exporting Macedonian table grapes to India	Identification of potential buyers and link them with Macedonian table grape exporters; exploration of the possibilities for exporting Macedonian table grapes to India	After selection of possible table grape exporters to India, first contact was made and Macedonian table grapes were presented to Indian buyers. Possible exports can be done next season.
Meet with MBEP representatives	Investigation with MBEP if and how they could contribute to supporting the ACDF and banks to change the principles for issuing loans to wineries by accepting wine inventories as collateral; discuss possible procedures for evaluating the value	Discussed with several banks the option for issuing loans to wineries by accepting wine inventory as collateral and discussed possible procedures for evaluating the value and loans covered with secured receivables.
Meet with MBEP regarding possible organization of roundtables with AgBiz VC representatives and bankers	Roundtables where AgBiz VC representatives and bankers will explore possibilities for improving access to finance.	The idea was presented to MBEP and several banks; they viewed the idea as positive and constructive, and confirmed participations in a workshop to be held next quarter.
Meet with USAID's MLGA representatives	Presentation of the AgBiz outreach methodology	Met with Gjorgi Josifov, MLGA CoP and Performance Planning and M&E Manager, Mevlija Grbovic (the newly assigned USAID Information Officer) and presented the AgBiz achievements and media tools used for promoting our results.
Participate in USAID/ Development Outreach and Communication and EG communication meetings	Familiarization of the newly assigned USAID Information Officers with AgBiz, with an emphasis on outreach results	Presented AgBiz outreach plans for the summer (interview with local expert and AgBiz staff member about recently completed post-harvest training in UC Davis); provided an oral presentation on organizing media tours as an effective tool for promotion.

1.9.1.3 Staff Development

Activity	Expected Result	Result Achieved
Staff Quarterly Performance Evaluations	Quarterly performance evaluations successfully completed	Quarterly performance evaluation completed for 3 technical staff.
Local Staff Final Year Employment Agreements	Renewed employment agreements for remaining 3 local staff	Three local staff contracts expired and new ones were issued through February 15, 2011, for non-key personnel and through March 18, 2011, for CoP and DCoP.

1.9.2 Work Completed during the Quarter

1.9.2.1 FY '11 Annual Work Plan Workshop

DESCRIPTION/OBJECTIVE: During the month of September 2010, AgBiz needed to prepare and conduct an Annual Work Plan workshop to plan activities for FY '11. The successful wrap-up and

closeout of the program depends on proposing activities that will have a shorter-term, positive impact than efforts to attract investments or develop new methodologies. Also, AgBiz needs to monitor the success of recently completed Projects, a precondition for fulfilling the projected success indicators.

OUTCOME/FOLLOW-UP: AgBiz proposed a variety of activities for FY '11 in all of AoFs, and initiated a process for developing a Request for Approval of a three-month No-Cost Extension (NCE). Funds for the time extension are derived from project-related savings, better-than-projected Activity cost sharing and the strengthened US dollar. These savings will be utilized to implement additional competitiveness enhancement Activities and achieve a significant increase in indicators.

Although continued short- to medium-term positive impacts are expected through to the end of the current program term, the AgBiz team believes that the activities proposed during an NCE will lead to longer and enhanced sustainability of the institutions, companies and procedures being supported and greater and wider benefits. It was proposed and decided at the Annual Work Plan workshop that the Association Development and Backward Linkages AoF would be renamed Horizontal and Vertical Linkages. For more information see the Annual Work Plan for FY '11.

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	Used the Grant Procedures Checklists for the remaining Agrolozar/Dalvina grant to ensure that proper procedures are being followed, that Requests for Reimbursement are consistent with approved Award Budgets, that grantees are not being reimbursed for more than the approved cost of an item and that Environmental Mitigation Measures are being implemented. An ongoing record in the AgBiz MIS is kept of grant payments versus the approved Award Budget.
Grant Expenditures	Reimbursement and direct procurement proceed smoothly, in compliance, and as projected	Transferred the final reimbursement of expenses for the Agrolozar/Dalvina grant by following the established Project administration and control process, and assuring compliance with USAID rules and regulations, especially as related to grant implementation, procurement and reimbursement
Project Implementation Monitoring and Support	PCs closely monitor implementation of Projects to help keep them on schedule and achieve projected results; grantee and AgBiz investment schedule updated based on experience to date	The PC assigned to each Project is responsible for on-site monitoring. Contracts 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.
Grantee Reporting	Quarterly reports are enhanced for completeness and overall quality	PCs collected and submitted Quarterly Progress Reports for each grant. These reports provide PC assessment of work progress, the constraints encountered and actions taken to minimize the constraints and optimize results.
Closeout of the Last Grant	Proper closeout procedures completed for grant terminating end September 2010	Format for final technical report, grantee completion of activities certification, expense report and tax report submitted; expense report sent to grantee.

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 \$465,024 to the 20 Projects, not including environment-related work, and grantees had contributed \$7,931,943. This represents 93% of the AgBiz agreed support and 146% of customers' reported contributions to Projects. One hundred and forty-one percent, or \$8.396 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.

TABLE I. GRANT DISBURSEMENTS REPORT								
Customers	Items Paid by AgBiz				Items Paid by Customers			
	Approved Budget	Exp. to Date	Remaining Balance	Paid %	Approved Budget	Exp. to Date	Remaining Balance	Paid %
TOTAL GRANTS	500,000	465,024	34,976	93%	5,437,372	7,931,943	0	146%

TOTAL GRANTS			
Approved Budget	Exp. to Date	Remaining Balance	Paid %
5,937,372	8,396,967	34,976	141%

1.9.3.2.2 Environmental Protection

Table 2 on the following page shows the status at the end of the Quarter of the environmental mitigation measures included in Project grants. As can be noted from this table, the vast majority of mitigation measures has been completed or is 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 3 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 \$163,196 to which AgBiz contributed 33%. Completed Activities provided support to six trade associations or producer organizations and 81 agribusinesses. Forty-seven new export customers were identified by the participants in completed Activities and that resulted in receiving almost €1.6 worth of export orders. Participants gave the Activities an average satisfaction score 4.67 out of 5.0.

TABLE 2. IMPLEMENTATION STATUS OF ENVIRONMENT MITIGATION MEASURES

Grantees	Pesticide Training	Harvester Maintenance	Public Participation	Screening	Flash 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	Material Safety Data Sheet	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 "Environment Mitigation Monitoring Plan (EMMP)" included in the CD-ROM version of this report

TABLE 3. ACTIVITY STATUS REPORT

ALL AGREEMENTS SIGNED AND IN IMPLEMENTATION

MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			DESCRIPTION/COMMENT					
				TOTAL	AGBIZ	AgBiz Percentage						
873	Wine Road Show Presentations of Macedonian Wineries in Poland and the Netherlands	Damovski		99,596	21,510	22%	Increase the awareness of Macedonian wines in two destination (target) countries					
875	Assessment of the Impact of Government Subsidy Program on Export Competitiveness of Macedonian Agribusiness	Angelovski		4,500	4,500	100%	Assess the impact from the subsidies in reducing the current imports of agricultural products and inputs					
135	Online Registration of Agribusiness Employment Opportunities	Stankovic		3,532	0	0%	Familiarize Macedonian agribusinesses with an efficient, easy and time-effective way to fulfill their legal obligation with the Employment Service Agency					
877	Wine Industry Performance Survey 2009	Damovski		4,500	3,500	78%	Research and analyze the production, processing and sales performance of the wine industry					
878	Assessment of the Impact on AgBiz-Supported VC Participants of New Government Legislation Concerning Mandatory Buyout Contracting	Risteski		3,580	3,580	100%	Analyze the extent of utilization and impact of the new legislation, and in particular, utilization of the model production contracts by AgBiz VC participants					
861	Fresh Apple Exports to India	Risteovski	USAID/MCP	0	0	0%	Establish a linkage between the Indian trader and Macedonian exporting companies in the FF&V VC					
871	Production of Value-Added Victoria Table Grapes for International Market	Risteovski		32,383	4,983	15%	Increase production and export competitiveness of value-added Victoria table grapes on international markets					
879	Supporting MAEA to Develop Five-Year Strategy and Action Plan for the First Year	Angelovski		8,060	5,260	65%	Support the MAEA to develop viable Strategy and an Action Plan that will guide them toward sustainability and organizational functionality over the next five years					
222	IPARD Study Tour in Bulgaria for Bank Representatives	Risteovski		7,087	5,459	77%	Introduce effectively prepared and successful implemented SAPARD projects by the relevant consultant company					
845	Bi-Monthly Market Information Newsletter for Each VC	Stankovic		500	500	100%	Enhance customers' interest in market information					
TOTAL Being Implemented				163,7380	49,292	30 %						
COMPLETED												
MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			# of POs/ Business Associations that Received Assistance	# of Agribusiness Firms that Received Assistance	Value of New Orders	# of New Customers	# Individuals that Received Assistance (Evaluation Score)	
				TOTAL	AGBIZ	AgBiz Percentage					TOTAL	Average score
862	Wine Sector Export Marketing Plan Development	Damovski	CBI/MAFWE	17,810	1,290	7 %	0	0	0	0	0	0,00
880	Participation at the Fifth Agricultural Cooperation Forum between China and CEECs	Damovski		17,086	3,278	19 %	0	0	0	0	0	4,65
WINE AoF SUBTOTAL:				34,896	4,568	13 %	0	0	0	0	0	4,65
229	FF&V Study Tour and B2B Meetings in Croatia and Slovenia	Risteovski		27,459	11,491	42 %	1	9	20,000	4	8	4,68
868	Sales Mission with SIPPO - Swiss Importers to Meet Macedonian FF&V Exporters	Risteovski	SIPPO	8,190	0	0 %	0	9	80,000	1	9	0,00
320	World Food Trade Fair Moscow 2010	Risteovski	Russian CoC	44,272	9,135	21 %	0	3	1,496,341	42	7	4,53
FRESH FRUIT AND VEGETABLES AoF SUBTOTAL:				79,921	20,626	26 %	1	21	1,596,341	47	24	4,61
874	Integrated Strategy to Accelerate the Development of the PV VC	Risteski		4,937	2,437	49 %	1	0	0	0	30	0,00

TABLE 3. ACTIVITY STATUS REPORT

MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			# of POs/ Business Associations that Received Assistance	# of Agribusiness Firms that Received Assistance	Value of New Orders	# of New Customers	# Individuals that Received Assistance (Evaluation Score)	
				TOTAL	AGBIZ	AgBiz Percentage					TOTAL	Average score
PROCESSED VEGETABLES AoF SUBTOTAL:				4,937	2,437	49 %	1	0	0	0	30	0,00
858	Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture	Angelovski	CERM	9,262	4,890	53 %	0	0	0	0	0	0,00
870	Support to Shumski Plod in Addressing the Multiple Taxation of the WGP PIRN by engaging a Legal Expert	Angelovski		2,765	2,065	75 %	0	0	0	0	0	0,00
POLICY AND INSTITUTIONAL REFORM AoF SUBTOTAL:				12,027	6,955	58 %	0	0	0	0	0	0,00
136	Workshop on Presenting Updated Agribusiness Finance Manual	Risteovski	USAID/MCP	957	477	50 %	0	7	0	0	46	0,00
ACCESS TO FINANCE AoF SUBTOTAL:				957	477	50 %	0	7	0	0	46	0,00
847	Web Sites for the Shumski Plod WGP Association and VC Companies	Angelovski		3,195	2,455	77 %	1	16	0	0	0	0,00
226	Shumski Plod Members Study Tour to the Bulgarian WGP Association	Angelovski		5,922	2,422	41 %	1	10	0	0	20	5,00
228	MAEA Members Study Tour to Bulgarian FF&V Associations	Angelovski		12,442	6,042	49 %	1	9	0	0	10	4,50
ASSOCIATION DEVELOPMENT AoF SUBTOTAL:				21,559	10,919	51 %	3	35	0	0	30	4,75
836	Pilot Regional Market Information Dissemination Activity with <i>Moja Zemja</i> Magazine	Stankovic	FFRM	8,899	7,721	87 %	1	18	0	0	46	0,00
OUTREACH/MARKET INFORMATION/ENVIRONMENT AoF SUBTOTAL:				8,899	7,721	87 %	1	18	0	0	46	0,00
TOTAL COMPLETED				163,196	53,703	33 %	6	81	1,596,341	47	176	4,67
GRAND TOTAL				326,934	102,995	32%	6	81	1,596,341	47	176	4,67
ON HOLD OR DROPPED												
MIS Code	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			DESCRIPTION/COMMENT					
				TOTAL	AGBIZ	AgBiz Percentage						
227	Study Tour for MAP Management Board to a Well-Developed Association in EU, Promotional Event with Focus on Processed Vegetables in Poland	Risteski		0	0	0 %	Activity was canceled due to inappropriate and slow response by the fair organizers.					
872	Foreign Direct Investment in Agricultural Commodity Exchange Market in Kochani	Risteovski		0	0	0 %	To attract foreign direct investment that will result in local area development and will have implications on development on overall FF&V VC.					
TOTAL				0	0	0 %						

1.9.3.4 Agreements Signed Report

Table 4 below shows that a total of 14 agreements were signed in Macedonia during the Quarter worth \$27,772. Nearly all agreements were with Macedonian companies or individuals.

TABLE 4. AGREEMENTS SIGNED								
No.	Company/Person	Type of Contract	Submitted to USAID	USAID CO	USAID COTR	Signed	Person Responsible	US\$
	Multiple Taxation	3-party agreement	3-Jun-10	NR	3-Jun-10	20-Jul-10	Goran Angelovski, Horizontal & Vertical Linkages Manager	\$2,000
090	Strategy PV VC, Planum	Firm Fixed Price Contract (FFPC)	14-Jun-10	NR	15-Jun-10	5-Jul-10	MAP Representative	\$2,448
	Wine Industry Performance	Consulting Contract	23-Jul-10	NR	23-Jul-10	23-Aug-10	Goran Damovski, DCoP Technical Operation and Wine VCC	\$3,442
092	MAEA 5-Year Strategy and Annual Plan	FFPC	23-Jul-10	NR	23-Jul-10	19-Aug-10	Goran Angelovski, Horizontal & Vertical Linkages Manager	\$4,500
091	FFV Croatia and Slovenia St	FFPC	4-Aug-10	NR	4-Aug-10	13-Aug-10	Lovre Risteovski, FF&V VC and Access to Finance Manager	\$3,000
093	MAEA ST BG	FFPC	10-Aug-10	NR	6-Sep-10	1-Sep-10	Goran Angelovski, Horizontal & Vertical Linkages Manager	\$5,100
	Seasonal Workers Online Registration	MoU	19-Aug-10	NR	19-Aug-10	10-Sep-10	Natasha N. Stankovic, Outreach, Market Info and Environment Manager	
	Assessment of the Impact of Mandatory Buyout Contracting	Consulting Contract, Ljubeckij	3-Sep-10	NR	3-Sep-10	NA	MAP Representative	\$2,882
094	IPARD ST BG Banks	FFPC	22-Sep-10	NR	22-Sep-10	23-Sep-10	Lovre Risteovski, FF&V VC and Access to Finance Manager	\$4,400
	IPARD ST BG Banks, Stopanska	MoU	22-Sep-10	NR	22-Sep-10	NA	Lovre Risteovski, FF&V VC and Access to Finance Manager	
	IPARD ST BG Banks, IK Bank	MoU	22-Sep-10	NR	22-Sep-10	NA	Lovre Risteovski, FF&V VC and Access to Finance Manager	
	IPARD ST BG Banks, IMCP, Carana	MoU	22-Sep-10	NR	22-Sep-10	NA	Lovre Risteovski, FF&V VC and Access to Finance Manager	
	IPARD ST BG Banks, Ohridska	MoU	22-Sep-10	NR	22-Sep-10	NA	Lovre Risteovski, FF&V	

TABLE 4. AGREEMENTS SIGNED								
No.	Company/Person	Type of Contract	Submitted to USAID	USAID CO	USAID COTR	Signed	Person Responsible	US\$
							VC and Access to Finance Manager	
	IPARD ST BG Banks, TTK Bank	MoU	22-Sep-10	NR	22-Sep-10	NA	Lovre Risteovski, FF&V VC and Access to Finance Manager	
TOTAL								\$27,772

1.9.4 Quantitative Performance Indicators

This section describes key indicator accomplishments during the Quarter (Table 5).

DESCRIPTION: AgBiz performance indicators are a set of quantitative measurements used to present program results to AgBiz management and USAID. Table 5 shows progress on the agreed indicators during this Quarter, excluding indicators that are reported only on an annual basis.

OBJECTIVE: Use of performance indicators as both a management tool allows for the tracking of Project results and Activity implementation, as well as for preparation of progress reports for USAID.

OUTCOME: Progress toward achieving qualitative program objectives was very satisfactory during the Quarter, and the trend of overachieving quantitative indicator objectives continues. At the end of FY '10, almost all output indicators reported on a quarterly basis were on-target or overachieved.

Thirty new, not previously assisted, agriculture-related firms (out of total 81 that benefited from Program's direct intervention) participated in Activities implemented during the Fourth Quarter. A range of marketing and competitiveness enhancement trainings were delivered to 176 participants. A \$50,000 financing opportunity was identified for one customer.

The participation of 21 customers in the following trade fairs, study tours and B2B meetings: World Food Trade Fair Moscow 2010; FF&V Study Tour and B2B Meetings in Croatia and Slovenia; and the Sales Mission with SIPPO resulted in around €1.6 worth of new orders.

Around \$140,000 of investment was stimulated from customers, and AgBiz contributed an average of 29% of the total direct cost of Activities and Projects implemented during the Quarter, thus achieving very good resource leveraging.

TABLE 5. FOURTH QUARTER INDICATORS ACHIEVEMENTS				
INDICATORS	This Quarter	FY to Date	Fiscal Year 2010 Objective (10.2009 09.2010)	Performance (FY %)
1. Increased Raw Material Production and Products Marketing				
1.11 Value of new orders (in 000 Euros) from trade fairs, b2b meetings and fast-track projects	1,596.34	8,483.27	2,700.00	314 %
1.12 Number of new customers from trade fairs, B2B meetings and fast-track projects	47	188	24	783 %
2. Increased Coverage and Assistance to Value Chain Participants				
2.1 Number of producer organizations receiving assistance	0	1	1	100 %
2.3 Number of agriculture-related firms receiving assistance	30	91	74	123 %
2.4 Number of trade and business associations receiving assistance	0	1	2	50 %
3. Building Human Capacity				
3.1 Number of male individuals who have received short-term agriculture or agribusiness productivity enhancement training	145	458	151	303 %
3.2 Number of female individuals who have received short-term agriculture or agribusiness productivity enhancement training	31	143	17	841 %
4. Value of Investment Stimulated and Leveraging Achieved				
4.1 Value of customer investment stimulated (000US\$)	138.73	1,651.22	2,213.53	75 %
4.2 Value of third party domestic investment stimulated (000US\$)	0.00	0.00	0.00	0 %
4.3 Value of total domestic investment stimulated (000US\$)	138.73	1,651.22	2,213.53	75 %
4.4 Value of foreign direct investment stimulated (000US\$)	0.00	0.00	0.00	0 %

TABLE 5. FOURTH QUARTER INDICATORS ACHIEVEMENTS				
4.5 Leveraging achieved by AgBiz (%)	29 %	18 %	50 %	278 %
5. Increased Access to Finance				
5.1 Value of customer financing (potential loans) identified (000US\$)	50.00	736.24	610.00	121 %
5.2 Number of new customers provided access to finance assistance	1	11	11	100 %
7. Policy and Institutional Reform				
7.1 Number of policy and institutional constraints identified and prioritized	1	9	7	129 %
8. Outreach				
8.1 Number of success stories produced and published	3	11	13	85%
8.2 Number of media exposures (TV, radio and newspaper)	9	59	34	174%

2.0 OPERATIONAL CHALLENGES ENCOUNTERED

Most of the operational challenges previously reported remained in effect during the 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 program'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, a majority of the banks (over 40%) estimated that the conditions for granting loans to companies improved during the quarter.

Banks recorded an increased number of loan 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 economic slowdown for the FF&V VC was partially solved and has somewhat improved during the Quarter. The issue of receivables from big export customers such as

Konzum, Merkator and Delta is still a problem but Ukraine and Russia, AgBiz customers' focus markets, contributed significantly for improvement. Requests for advance payment by AgBiz customers, good quality Macedonian FF&V and competitive prices were this Quarter's main characteristics. In the area of delayed receivables collection and the associated negative impacts on cash flow, it was necessary to reassess bank relations. Availability of finance, new loan application procedures and collateral requirements have become satisfactory, and almost on the levels seen before the crises. Export insurance is still an appropriate mechanism for insuring receivables' collection. A minimum of 90% of approved exports can be covered and insurance policy can be used as collateral for short-term loans (very similar to factoring), thereby making significant improvements in cash flow. This product improves export sales and helps to minimize payment risk for sales not covered with a letter of credit or guarantee. To compensate for the effect of global economy slowdown, AgBiz supported FF&V VC participants during the Quarter to enter new markets, especially in Russia and the EU, through arrangement and facilitation of B2B meetings during study tours to Slovenia and Croatia, the Moscow Trade Fair and a buying mission for Swiss importers organized in Macedonia together with SIPPO.

Processed Vegetables: The global economic crisis negatively impacted processing companies' sales projections, extended receivables collection and reduced 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.

The same trend, according to preliminary information, will continue throughout 2010. Quantities of raw materials acquired by the industry in 2010 will be similar to the quantities from 2009. Increased penetration and sales on regional markets are also envisioned.

Wine: The direct negative effects of the global economic slowdown are slowly and steadily dissolving, but implications from it will remain. The surplus of wine in almost all price segments resulted in markets trading down, so good quality Spanish bulk wine is offered on the market for 25 Euro cents, whereas significant quantity of good quality Chilean bottled wine is offered for less than 1 Euro per bottle. Raising price levels will be extremely challenging, even when the crisis is over.

As a result, the harvest started with complaints and arguments between grape growers and wineries. The significant quantity of unsold wine inventory and weakened financial liquidity limited wineries capacity for purchasing grapes for raw material. To support resolution of the grape surplus, several measures were proposed and negotiated. The GoM adopted a measure to provide a subsidy of 5.7 MKD per kilo on volumes above 65% of last year's buyout volume. This is considered to be very favorable because only a few of the wineries are in a position to purchase more than 65% of last year's quantity of grapes.

The Macedonian wine industry continued to focus on stabilizing current markets and identifying new export market opportunities. Prices for bulk and bottled wine vary but on average remained at the level of the previous two quarters. Lack of favorable access to financial resources will additionally burden agreed payment terms for this season's buyout.

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

Although their authority has been expanded, the Invest in Macedonia Agency is still not functional for export promotion. The Strategy for Export Promotion, to include a selection of the most competitive Macedonian products to be supported and define the approach and level of agency intervention, has not been developed; consequently, there is no budget allocated to the agency for promoting exports of Macedonian products. For the wine sector, MAFWE is finalizing the Strategy for Viticulture and Wine. After development and finalization of the Wine Sector Export Marketing Plan for exporting into the EU, the plan will become an integral part of the strategy and a good base for coordination between the private sector and the GoM to develop concrete actions to enhance Macedonian wine exports.

Unfortunately, no SEMP's have been developed by the MAFWE for other AgBiz-supported VCs. AgBiz, through its activities and close cooperation with supported VCs and relevant ministries, will continue its commitment to promote a well-coordinated approach to export promotion. The program supported

Shumski Plod to develop a Five-Year Strategy that includes directions and recommendations for export promotion of WGP. AgBiz support and facilitation to strengthen national trade associations WoM, MAEA and MAP should significantly improve horizontal coordination and joint efforts for promotion of VCs products on intraregional and international markets.

2.1.3 Effective IPARD Utilization

After finalization of the first Call for Application, the Agency for Financial Support of Agriculture and Rural Development expressed its satisfaction with the unexpected large number of applications received for EU IPARD funds, which is a clear signal of the great interest of Macedonian farmers and economic entities from the rural sector for using the funds and their economic application. The agency reconfirmed the fact that with only one call, contracts were signed that used the whole 2007 budget of €2.1 million. In parallel to the processing of applications, the agency, together with the Managing Authority within the MAFWE, performed a thorough analysis of the application problems identified and is undertaking measures to overcome them and prepare for the next call for from the IPARD Program 2007–2013, as well as for their efficient use.

Nevertheless, many of the obstacles identified during the first call are still unsolved. Besides initial efforts to resolve difficulties regarding transformation of agricultural into construction land and issuing timely construction permits, these issues will continue to be the greatest challenges to the second Call for Applications. Also, there is still inadequate access to finance mechanism designed specifically to support companies' IPARD applications.

In the second half of September 2010, the GoM and the Agency for Financial Support of Agriculture and Rural Development announced the second Public Call for Funds from Component V under the IPARD Program 2007–2013, in the *Official Gazette of the Republic of Macedonia*, no. 83/2009, dated 03.07.2009. The projected funds for the second Public Call total €40,028,365, out of which 75% are contributions from the EU and 25% are contributions from the Republic of Macedonia (RoM) Budget that will be calculated in MKD national currency with prevailing exchange rate as in September 2010. The planned funds are cumulative and cover the financial period for 2008–2010. The announcement is valid 60 days from the day of publishing of the Public Call.

The rules for allocation of funds under the IPARD Program 2007–2013 foresee signing of contracts between potential beneficiaries and the agency, and implementation of approved investments according to previously agreed terms. On-the-spot control and supervision of contract implementation shall be performed by authorized persons from the agency, as well as relevant institutions from the RoM for management, implementation and control of IPARD funds and the EU.

2.1.4 Holding Current Positions in ex-Yugoslavia Markets while Entering New, Developed Markets

Summer 2010 was the season for putting into practice preparations for export, it was demonstrated that traditional markets in ex-Yugoslavian countries cannot be taken for granted. In existence for about 20 years, these countries have bilateral agreements with other countries, but also have been open for free trade. The quality and availability of goods are main prerequisite for doing business. Competitors from more developed countries are marketing better quality products with better packaging to these markets, putting Macedonian exporters under pressure. Macedonian exporters are not well-prepared, and therefore not well-represented, in the new retail chains, and they tend to sell to wholesale markets rather than directly to supermarkets. The challenge for Macedonian exporters of table grapes, fresh vegetables and bottled wines is how to keep their current business in Balkan markets by fighting off new competitors through product and packaging improvements, and at the same time developing competitive presentations for the more developed markets, especially in the current very difficult economic conditions.

During the Quarter, AgBiz assistance has enhanced the focus on the ex-Yugoslavia markets by more qualitative representation through a mission to maintain and gain new partners in Croatia (e.g., Plodine supermarkets and Rijeka Wholesale Market) and in Slovenia through partnership for export with two big

trading players (Era and SAVA) that want to promote Macedonian wine and FF&V as healthy food. Additionally, AgBiz will support wineries to participate on the regional wine promotion show in Belgrade for ex-Yugoslav countries.

2.1.5 Quality of Available Planting Material

A continuous threat to quality outputs and marketing is the low quality of available planting material. Planting seedlings grown by producers with genetically inferior seeds is poor start for the crops that cannot be improved during grow out. Greenhouse owners use their houses to grow early season vegetables, and so do not want to convert them to seedling production. Producers are not sufficiently organized, nor do they have the technical or management skills to work together to develop such greenhouses.

AgBiz initiated communication on this issue with MASHAV and during the Quarter. As a starting point, MASHAV sent an agricultural mission to Macedonia that will be followed by a study tour to Israel in December 2010 with AgBiz customers interested in investing in improved post-harvest handling and/or development of a nursery for planting material. For MASHAV and AgBiz, the goal of this initiative is to explore the feasibility and eventually find a partner for joint investment in production of planting material and post-harvest handling in Macedonia, which matches with AgBiz objectives for improved competitiveness of Macedonian products. This opportunity will be closely followed by AgBiz, and technical assistance will be made available to the extent possible.

2.1.6 GoM Subsidy Program Disregards Competitiveness

During the Quarter, AgBiz engaged an expert to implement an Activity to assess if and how GoM subsidies to agriculture contribute to export competitiveness. Indications are that relationships between subsidy programs and overall improved competitiveness of Macedonian agriculture are weak or absent. Examples of this include no prioritization of strategic crops and no long-term impact measures—only annual indicators. Supporting the competitiveness of exports should be the only rationale in a country where agricultural exports represent 14% of total exports. On the contrary, subsidy payments to the farmer as they exist in Macedonia mostly go to support imports. Unfortunately, Macedonia does not have domestic production of seeds, chemicals or fertilizers, so small farmers use any additional funds to purchase more imported inputs.

The expert's findings also showed that to utilize the vast financial measures and ensure progress toward enhanced export competitiveness, the GoM should define measures for a period of several years based on a strategic orientation linked to the requirements of target markets. This is closely connected with the development of a long-term policy for replacement of old varieties and adaptation of some sub-sectors to export market demands. This would also lead to definition of strategic crops and design of specific measures for their support. AgBiz made a comprehensive assessment of GoM subsidies and will raise the awareness of the above-mentioned issues and support trade associations and others to encourage the GoM to make improvements in the agricultural subsidy program that will lead to enhanced export competitiveness.

2.1.7 Minimal Understanding of, and Interest in, Producer Organizations and Trade Associations

Without a strong trade association, participants in AgBiz-supported VCs cannot impact policies and practices, i.e., support policies and legislation and act on issues directly linked to the 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 WGs, wine and FF&V. AgBiz's basic approach to association development is to stimulate current or potential members of trade associations in supported VCs to commit to developing 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

implementing the requirements of the EU CAP. This is a significant turning point in the development of sustainable Pos; in relation to backward linkages, this will help to secure a steady supply of raw materials for fresh exporters and the FF&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 and allows granting of community aid to producers that are members of a recognized PO. As a potential member state, Macedonia/MAFWE need to develop and establish a national strategy or support measures for PO development. A well-developed national strategy with a good set of support measures for POs is crucial for the future development of POs in Macedonia. Having in mind the capacity and the current structure of POs in Macedonia (mostly not-for-profit nongovernmental organizations and a 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 development or restructuring of POs.

2.2 INTERNAL TO AGBIZ

Progress on resolution of 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 Effective Implementation Policy and Institutional Reform Work

During the Quarter, PIR identification and prioritization work continued. Coordination with the e-Gov project resulted in several presentations throughout the country on electronic registering of regular and seasonal employment in the agricultural sector. The new Law on Agriculture and its regulations for contract farming was tested during the summer, and AgBiz initiated an assessment of its utilization, as well as the utilization of other buyout agreements. This Activity will be completed in the first quarter of FY '11. Despite all efforts of AgBiz and its partners from the private sector to contribute to improved legislation in individual cases, the program is constantly facing the need for policy reforms to enhance Macedonian agriculture competitiveness. AgBiz's contribution this Quarter to developing a five-year strategy for the newly established MAEA is also a prerequisite for good PIR advocacy by the association.

In FY '11, AgBiz will enhance PIR work by boosting private-public PIR dialogue through maximizing the role of trade associations and MAFWE via a synchronized approach for addressing PIR needs and adjusting the laws and regulations for mutual benefits. This will be done through a series of activities involving the private sector represented by their trade associations and the public sector represented by relevant institutions such as MAFWE and MoLSP. Good PIR work should help overall trade association development.

2.2.2 Market Information

The previously identified lack of relevant market information continues to obstruct agribusinesses in their decision-making processes and export marketing efforts. In the absence of an entity that tracks market information and data, individual company efforts try to create a better understanding of specific markets and market segments, but they often base their actions on unconfirmed information on customer preferences, competitors, price positioning, etc., reducing the likelihood of successful market entry and sustainability. In recognition of the importance of in-depth understanding of export markets and international consumers that allow agribusinesses to make optimal business decisions, larger export oriented companies occasionally use known market information service providers; utilize subscriptions to relevant technical portals, published reviews, markets overviews and available reports; and create experiential opinion when visiting and working with partners from desired markets.

Nevertheless, this approach does not allow market information to be spread throughout the VCs, so different opinions and attitudes toward a single market are developed among companies, limiting common interest and commitment for joint actions.

The State Statistical Office, trying to develop more user-friendly methods of providing statistical data, is in the process of reconstructing its web site to better serve its customers. In the meantime, they

unfortunately have stopped issuing data and have created a gap in the availability of export data. The Agricultural Market Information System (AMIS) within MAFWE continues to provide market information to the EU Commission. The department in MAFWE responsible for agriculture policy analysis also collects and analyzes market information, but it is processed with a great delay and usually is not widely available.

Although AgBiz expressed readiness to support the WoM trade association to obtain up-to-date market information by gaining access to Euromonitor's Passport market information service, this activity has been postponed to the next quarter due to the need for a permanent WoM office, a web domain and registered address, which need to be obtained first. This market information package will allow access to relevant market data for all EU and regional wine markets for a period of 12 months.

The contract for dissemination of RMI in *Moja Zemlja* magazine ended in September 2010, but the market information section will remain an integral part of the magazine. Even though AgBiz support has ended, MAFWE will provide similar market information for regional and international markets. Starting next quarter, AgBiz will publish a series of technical information on post-harvest technology derived from key findings and lessons learned from study tour visits to UC Davis California and South Africa.

3.0 FINANCIAL REPORT

The Fourth Quarter financial report is shown below. The report indicates that with 89% of the program term completed, 90% 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 September 30, 2010

Category	Contract Budget	Incurred as of 6/30/2010	Quarterly Costs 7/1/10–9/30/10	Total Costs Accrued as of 9/30/10	Remaining
Total All Other Costs	\$ 5,109,339	\$ 4,419,376	\$ 189,504	\$ 4,608,880	\$ 500,459
Grants	\$ 500,000	\$ 461,129	\$ 3,895	\$ 465,024	\$ 34,976
SUB TOTAL CONTRACT COSTS	\$ 5,609,339	\$ 4,880,505	\$ 193,399	\$ 5,073,904	\$ 535,435
FEE	\$ 240,620	\$ 202,169	\$ 4,920	\$ 207,089	\$ 33,531
TOTAL CONTRACT COSTS	\$ 5,849,960	\$ 5,082,674	\$ 198,319	\$ 5,280,993	\$ 568,967

4.0 PLANS FOR THE FIRST FISCAL QUARTER OF 2011

The following sections outline expected AgBiz results for the first quarter of FY '11, organized by AoF. These results will be compared to actual results in the first quarterly report. In the first quarter, AgBiz will continue to identify, develop, seek approval for and implement VC and selected AoF competitiveness enhancement activities, and will finish closing out the last grant.

Activity	Expected Result	Projected Completion Date
Fresh Fruit and Vegetables (Lovre Ristevski, FF&V VC and Access to Finance Manager)		
Sales Mission Rijeka, Croatia and Slovenia	Three-month Follow-up Report completed	November 25
World Food Trade Fair Exhibition 2010, Moscow, Russia	Three-month Follow-up Report completed	December 25
B2B Meetings as a Joint Activity with SIPPO for FF&V Exporters with Swiss Importers in Macedonia	Three-month Follow-up Report completed	December 20
Serbia B2B with Potential Buyers & ST for PHH	AC, AD, and MoU approved and signed, Activity completed	December 25
Manual for FF&V PHH (experience from South Africa, California & UC Davis: Brochures, Reports)	AC, AD, SoW and FFP Consultant Agreement approved and signed	December 15
Israeli ST in Cooperation with MASHAW	AC, AD and MoU approved and signed	December 15
Develop a Web Page for MAEA	AD developed and procurement process completed	December 31
Support to MAEA by Cost Sharing a Professional Manager and Office	AD approved and contracts signed	December 31
GlobalGAP Group Certification Overview Training for MAEA Members and FF&V VC Participants	AC approved	December 31
Processed Vegetables (MAP Representative)		
Participation on Indagra Fair in Romania	AC and AD developed and approved, MoU signed, Activity completion	November 14
Study Tour and B2B in Canada (Six-month Follow-up)	Complete the 6-month follow-up and report the outcomes	November 23
Study Tour and B2Bs in the Ukraine	AC and AD developed and approved, MoU signed, Activity completed	December 20
Establishing a Joint Brand/Export Company	AC and AD developed and approved, MoU signed	December 31
Wine (Goran Damovski, DCoP Technical Operations and Wine VCC)		
Road Show Presentations of Macedonian Wines in Poland and The Netherlands; Buying Mission to Macedonia	Presentations held, buying mission in Macedonia implemented, Activity Results Report developed	December 31
Support WoM Access to MIS from Euromonitor	Contract signed with WoM and access to MIS from Euromonitor obtained	November 30
Wine Industry Performance 2009 Survey	Survey developed	October 15
Wine Promo in Serbia	AC and AD approved	December 31
Develop WoM Operational Plan 2011	AC and AD approved, MoU with WoM signed, WoM Operational Plan 2011 developed	December 31
Support to WoM Associations by Cost Sharing a Professional Manager and Office	AC and AD approved, MoU with WoM signed	November 30
Investigate Opportunities for Joint Bottle and Other Inputs Supply	AC and AD approved, MoU with WoM signed, assessment developed	December 31
Policy and Institutional Reform (Vasko Hadzievski, CoP)		
Assessment of GoM Subsidies and Their Impact on the Export Competitiveness of AgBiz-Supported VCs	Final report submitted and approved	October 30
Follow up with MAEA (FF&V VC) on Subsidies Assessment	Results from the assessment presented to MAEA and MAFWE, agree on recommendations and ways to further address the issues	November 30
B2B Meetings, Buying Mission with Agribusinesses from Central European Free Trade Agreement (CEFTA) Countries at the Skopje Fair	Contacts established with Slovenian importers; receive first-hand information about the requirements of Slovenian markets; strengthen business relations of Macedonian F&V producers and traders with Slovenian customers	November 30
Follow-up with Seasonal Employment Assessment (forming working groups for proposing legislation changes)	Working groups established, proposals for legislation amendments agreed	December 25
B2B Meetings in Kosovo with CEED-OBCK	Services of OBCK presented, B2B meetings accomplished	December 31

Activity	Expected Result	Projected Completion Date
Access to Finance (Lovre Ristevski, FF&V VC and Access to Finance Manager)		
IPARD Study Tour in Bulgaria for Bank Representatives	Activity completed, Results Report submitted	October 15
Roundtable between Bank Representatives, Ministry and Wineries	AC and AD approved and signed	December 25
Horizontal and Vertical Linkages (Goran Angelovski, Horizontal and Vertical Linkages Manager)		
Assessment of the Impact on AgBiz-Supported VC Participants of New Government Legislation Concerning Mandatory Buyout Contracting	Final document prepared, presented to and approved by PV VC members	October 29
Assessment with Recommendations for Development of the POs in Macedonia	AD approved and procurement process completed	December 20
Feasibility Study and Business Plan for POs and Association Management Entity	AD approved, implementation process initiated	December 31
Support to Shumski Plod by Cost Sharing a Professional Manager and Office	AD approved and procurement process completed	December 31
Outreach/Market Information/Environment (Natasha N. Stankovic, Outreach, Market Info and Environment Manager)		
AgBiz Web Site	Web site updated on an ongoing basis	December 31
Online Registration of Employment for Agribusinesses – Roundtables	Plan and organize two workshops—one in October and one in November	November 30
Transfer of Post-Harvest Handling Technology for Selected Agriculture Commodities to POs/ Farmers/Agribusinesses through <i>Moja Zemja</i>	Develop and approve AC and AD, develop and sign MoU with FFRM and publish December in January	December 31
AgBiz Conference and Training Calendar	Provide monthly input on AgBiz activities for USAID's EG Office Event Calendar	December 31
Technical Communication Dissemination	Distribute at least 3 pieces of technical information to stakeholders other than customers	December 31
Field Trips	Stimulate and organize quarterly field visits for USAID officials to AgBiz customers	December 31
MAFWE Updating	Provide MAFWE with monthly AgBiz information or/and information on AgBiz planned activities	December 31
Information Sharing with Similar Regional Projects	Share at least 2 pieces of AgBiz information with other regional agribusiness projects	December 31
Success Stories	Develop and publish monthly stories	Oct, 29; Nov, 30; Dec, 31
Media Exposures	Accomplish several media exposure events presenting AgBiz activities	December 31
Program Development and Implementation (Natasha Lazovska, DCoP, Finance, Administration, Human Resources and Compliance and Vasko Hadzievski, CoP)		
Prepare budget modification to transfer \$34,976 in remaining grant funds into Activities	Tetra Tech ARD home office will submit and get USAID approval for a budget modification that will transfer the remaining Grant Budget line item balance into Total All Other Costs.	December 31
Identify ways to motivate staff to stay until close to end of program activities in 2011, prepare a plan and inform staff about alternative and/or additional job responsibilities	If the need arises, a plan for alternative or additional job responsibilities for current staff will be prepared	December 31
Manage quarterly staff evaluations with good feedback on performance	Assist staff with performance evaluation assessment and plan development	October 15
Simplify internal policies and procedures where possible, e.g., change time schedule for submitting AC for Annual Work Plan approved activities	AC for Annual Work Plan approved activities can be submitted on any day rather than waiting for a staff meeting	October 4
Complete proper grant closeout procedure and reports for Dalvina	Final technical report, grantee completion of activities certification, expense report and tax report submitted and expense report submitted by grantee. Internal Checklist and Evaluation sent to home office.	October 20
Assure continued grantee results quarterly reporting	Assure that PCs collected and submitted Quarterly Progress Report for each grant that provides assessment of work progress, the constraints encountered and actions to minimize the constraints and results achieved during the Quarter.	December 31
Prepare PMP modification, including proposed time and no-cost increased results and indicators	Complete indicator projections based on Activities completed during FY '11, including the proposed time and no-cost increased results. Revise the PMP and get USAID approval.	December 31
Closely monitor and control budget expenditures to successfully implement a highly leveraged activities program	Monthly budget review based on actual invoices expense tracking and proposing budget and expense correction where necessary.	Oct., Nov., Dec., 31
Monitoring and Evaluation (Sonja Petrovska, M&E Specialist)		
Data Collection and Analysis of Project Derived Indicators	Quarterly progress report customized and disseminated to responsible PCs to be further distributed to grantees	December 31
Maintain the internal integrated database/spreadsheets to support archiving and reporting performance data	Data quality assessed and further processed, internal integrated database/spreadsheets archiving performance data updated and fully functional	Ongoing
Develop FY '11 activities budget and implementation plan	Actual activities expenditures tracked, completion vs. budget allocated and timeframe established in compliance with AWP	December 31
Maintain electronic filing system to facilitate	Electronic filing system maintained	December 31

Activity	Expected Result	Projected Completion Date
managing and documenting performance data		
Administer Quarterly Report Development and Compilation/Assure Conformity with 508 Federal Regulative	Weekly reports produced during the quarter reviewed and outline responsibilities developed	December 31
Wine Industry Database	Data on trade flow in Second and Third CY '10 obtained, processed, and database updated	December 1
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	December 20

5.0 REPORTS PRODUCED DURING THE QUARTER

This section lists the reports produced by AgBiz in the 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 Press clippings Jun–Sep10

Macedonian Fresh Produce Exporters go on a Business Mission to Croatia and Slovenia to Recapture Markets

Macedonian Fresh Produce Available in Russia

5.1.2 Success Stories

Investing in Organic Pays Off

EU Market Demands Macedonian Fresh Fruits and Vegetables

Fresh Produce Leading Exporters Build Their Own Legacy

5.1.3 Technical Materials

UC Davis Post-Harvest Training Guidebooks (Brochures)

Integrated Strategy to Accelerate the Development of the Processed Vegetables Value Chain

Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture

5.2 INTERNAL REPORTS

Activity Six-month Follow-up Report “Fruit Logistica, 2010”

Activity Results Report “World Food Trade Fair Exhibition 2010 Moscow, Russia”

Activity Results Report “Sales Mission with SIPPO – Swiss Importers Meet Macedonian FF&V Exporters”

Activity Results Report “FF&V Study Tour and B2B Meetings in Croatia and Slovenia”

Activity Three-month Follow-up Report “Study Tour and B2B in Canada”

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

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

Activity Results Report “Shumski Plod Members Study Tour to the Bulgarian WGP Association”

Activity Results Report “MAEA Management Board Members Study Tour to Bulgarian FF&V Association”

Activity Results Report “Web Site for the Shumski Plod Association”

Activity Results Report “Regional Market Information Dissemination Activity with *Moja Zemja*”

Environment Mitigation Measures Plan

6.0 FY'10 AND LOP RESULTS SUMMARY

6.1 FY '10 PROGRAM RESULTS

FY '10 results are presented below in two formats—an overview of Program results in a narrative form, and a listing of FY'10 Activities, Projects and Indicators in tabular form.

6.1.1 Activities

During FY '10, AgBiz successfully implemented 58 pragmatic competitiveness enhancement Activities (including the 17 that were in development or implementation at the end of FY '09). These Activities included four training sessions covering important topics such as the Requirements for International Food Standards (IFS); Introduction to IPARD (managers of FF&V companies and their consultants); Advanced Post-Harvest Technologies (in coordination with UC Davis); and Wine Export Coaching Program (CBI-facilitated for Macedonian wineries to become more familiar with EU markets and export marketing techniques). Three workshops were organized to improve the backward linkages of PV VC processors with primary producers, secure private sector input into the national strategy for wine and viticulture, and present the updated Agribusiness Finance Manual to relevant stakeholders. In addition, AgBiz facilitated organization of a regional conference where proper storage techniques for fresh fruits, vegetables and grapes were presented as an important component of export competitiveness. This significant knowledge and these skills were imparted to 85 companies and 244 individuals.

With the aim to better enable agribusinesses to understand, identify and enter new export markets, AgBiz organized and supported 100 customers to participate in five international trade fairs and nine study tours and B2B meetings. The participation of 36 customers in trade fairs (Anuga – Cologne, Fruit Logistica – Berlin, ProWein – Dusseldorf and Wine and World Food Fairs – Moscow) and the 63 customers involved in study tours, promotional events and B2Bs in Canada, Czech Republic, Holland, Hungary, Slovenia and Croatia proved to be very efficient tools for expanding export business contacts. The interest expressed by 188 regional and international buyers for Macedonian fresh produce, wine and processed vegetables products led to receiving orders of more than \$11 million.

In addition, the program stimulated and supported the enhancement and increased availability of market information through the only agricultural magazine in Macedonia, *Moja Zemja*, and thereby increased the relevance and sustainability of the magazine. The export potential of individual wineries and the overall positive awareness of quality Macedonian wines were enhanced due to the promotional video promoted by AgBiz titled “Wines of Macedonia.”

6.1.2 Projects

In early 2010, (when official financial statements submitted to the Public Revenue Office became available), the program collected and assured data quality for the indicator performance of the 20 grantee Projects that are the source for measuring “Increased Raw Material Production and Products Marketing” and “Increased Employment” and the associated percentage increases. The “Value of Purchases of Raw Materials made from Smallholder Producers” increased by 55% over the baseline or more than \$6.1 million. As a result of business expansion Projects, the “Value of Exports” increased for more than \$4.4 million or 17% over the baseline, while “Total Sales” increased 24% or around US\$6.9 million. Over 28,400 “Rural Households Directly Benefited from Interventions,” and 561 new FTE jobs were created—52% more than the baseline. AgBiz customers invested over \$7.9 million in these 20 Projects involving a range of physical facilities and sales and marketing capacity enhancements.

Even though grantees operated in an unfavorable business environment in FY '10, given the fact that in late 2009 and in all of 2010 the economic crises and the macroeconomic instability of export markets negatively affected Macedonian exports of agriculture-based products, these impressive results were accomplished with an AgBiz cost of less than \$470,000, thus achieving excellent leveraging of 6%.

6.1.3 Enhanced Access to Finance

During FY '10, AgBiz provided detailed improved access to finance assistance to 11 companies, helping them to identify the most appropriate sources of finance and the most reasonable financing products for their circumstances. We assisted them to develop application for loans, leases, equity or other types of financing. These 11 companies applied for over \$0.7 million in loans.

Increased access to finance assistance was also provided by updating the Agribusiness Finance Manual that made detailed information available on potential sources of finance and investment for Macedonian agribusinesses. In addition, useful information on how agribusinesses can improve their capacity to access various forms of finance and investment and educational information were presented at a workshop attended by more than 45 managers.

To enhance our beneficiaries' understanding on how to utilize IPARD funds, the program also organized a study tour to Croatia where FF&V companies obtained direct information on best practices and lessons learned as related to access to IPARD funds.

6.1.4 Policy Reform

The primary FY '10 focus of AgBiz's Policy and Institutional Reform work was the identification and prioritization of PIRNs based on work done in other "components" of the program. In FY '10, AgBiz identified nine policy and institutional constraints impeding the competitiveness of the value chains supported by the program and implemented several Activities related to addressing PIRNs. The program closely worked with the Shumski Plod association to present the negative impact of the developing multiple taxation of WGP's, and to develop and refine proposals to be incorporated in the new Law on Forests.

As initiated by MAP members, AgBiz supported the development of model contracts for contract farming that will satisfy AgBiz clients' needs and be consistent with MAFWE's proposed new model contract. In addition, AgBiz had numerous coordination meetings with winery managers and MAFWE officials in an attempt to solve the issues concerning wine Appellation of Origin. In cooperation with Confederation of Employers of the Republic of Macedonia (CERM), the program implemented an Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture. We have also initiated an Assessment of the GoM Agricultural Subsidy Scheme and its impact on the export competitiveness of Macedonian agribusiness.

In addition, AgBiz continued communications with MAFWE's Department for Analysis of Agricultural Policies to support the establishment of sustainable practices for gathering private sector input, and to analyze and address issues at an appropriate level in the GoM structure.

6.1.5 Other Outputs

Progress on indicator achievements for FY'10 can be found in the Table 8 in Section 6.2.3 below.

Over 290 agribusinesses received assistance out of which 91 were new customers that benefited from the highly-integrated and comprehensive activities implemented during FY '10. One PO and one trade association that were not previously assisted directly benefited from Program interventions.

A range of marketing and competitiveness enhancement training was delivered to 601 individuals, and customers invested more than \$1.6 million in our Projects and Activities. In FY '10, AgBiz contributed around 18% of total Project and Activity investments. The awareness of US Government assistance was increased by publishing/releasing 11 success stories and 59 media exposures.

6.1.6 Most Significant FY '10 Accomplishments

The most significant AgBiz accomplishments in FY '10 were:

1. Significant improvement to program customers' awareness of potential new buyers' requirements in the more advanced export markets due to participation in five trade fairs and nine study tours and B2B Meetings; helped customers obtain around \$11 million in new orders.
2. Made good progress developing sustainable trade associations that can continue AgBiz-type work as legacy institutions, including significant support to the development of AgBiz-supported VCs; developed an operating plan and stimulated the early development of the WoM and MAEA trade associations.
3. Successfully closed out 20 grants in compliance with USAID rules and regulations, especially as related to grant implementation, the associated procurement and reimbursement; contributed a total of \$465,024 to the 20 projects, not including environment-related work, and grantees contributed \$7,931,943. This represents 94% of the AgBiz agreed support and 146% of customers' reported contributions to projects. Therefore, \$8,396,967 million of total Project investment has been completed.
4. Achieved a very substantial 18% cost sharing by all participants in AgBiz Projects and Activities.

6.2 ACTIVITIES, PROJECTS AND INDICATORS SUMMARY

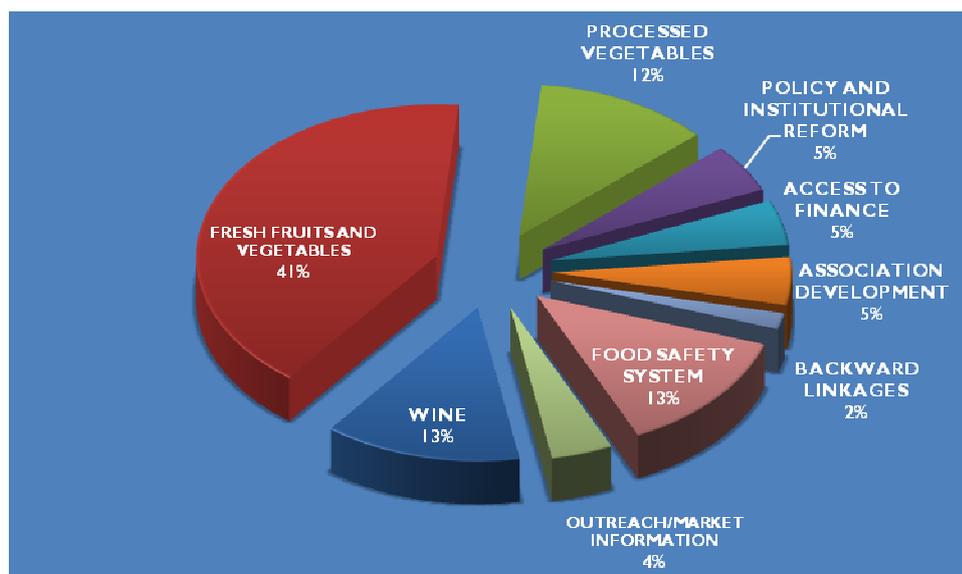
6.2.1 FY '10 Activities

Table 7 below lists the Activities categorized as "Being Implemented and Completed" in FY '10 and their status at the end of the year.

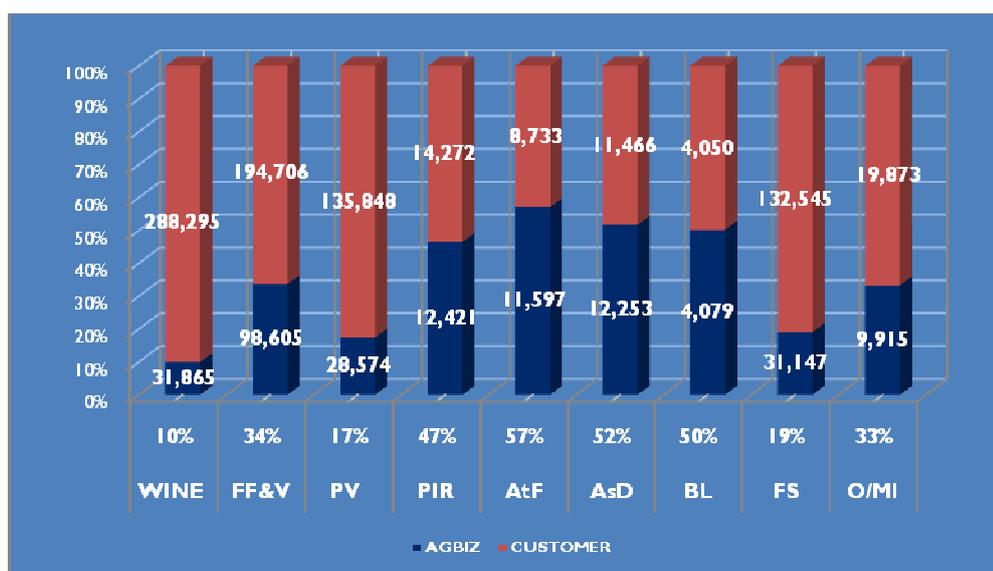
In FY '10, 55 Activity Concepts were reviewed and only four were dropped. Most importantly, 58 Activities (including the 17 that were in a phase of development or implementation at the end of FY '09) with a total cost of over \$1.0 million were completed. At the end of the FY, ten approved Activities with an anticipated AgBiz cost of around \$37,000 were in the process of being implemented. The AgBiz cost of these activities is 23% and 25% respectively.

In FY '10, AgBiz spent the \$217,000 allocated for planned Activities. Expenditures by AoF are shown below in Graphic 1. Graphic 2 presents the total FY '10 Activities expenditures versus customer investment stimulated in each AoF.

GRAPHIC 1. FY '10 ACTIVITY EXPENDITURES BY AOF



GRAPHIC 2. FY '10 ACTIVITY COST BY AOF AGBIZ VS. CUSTOMER EXPENDITURES (IN THOUSANDS OF US\$)



In FY '10, a total of 86 agreements were signed, 37 of which involved over \$166,000 in direct payments to vendors. To support strengthening local business service providers, nearly all agreements were with Macedonian companies or individuals.

The technical assistance provided to our customers was very highly rated by the beneficiaries. The average customer satisfaction score for Activities implemented in FY '10 was 4.7 on a five-point scale.

6.2.2 FY '09 Projects

Table 6 lists the status of all Projects at the end of FY '10. All 20 Projects have been successfully closed out. The 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, over 28,400 rural families benefitted with additional income and 561 new equivalent jobs were created by the end of CY '09. These are impressive results for an AGBiz/USAID investment of less than \$470,000.

TABLE 6. PROJECT STATUS REPORT

PROJECT NUMBER	PROJECT COORDINATOR	CUSTOMER	CUSTOMER INVESTMENT (US\$)	Cumulative Results Achieved thru December 31, 2009				
				TOTAL SALES GROWTH (EUR)	EXPORT SALES GROWTH (EUR)	INCREASED RAW MATERIAL PURCHASES (EUR)	RURAL HOUSEHOLDS BENEFITED	INCREASED EMPLOYMENT
2	Ristevski	Agros 2004	69,059	239,024	126,829	253,496	613	6
3	Ristevski	Badzo	42,752	-72,311	1,703	631,968	349	36
13	Ristevski	GD Tikves	180,500	1,219,512	682,927	292,683	936	86
16	Ristevski	Ledra Agro	150,001	244,901	154,336	131,707	113	15
18	Ristevski	Peca Komerc	150,146	1,532,436	1,459,537	998,163	2,574	7
10	Ristevski	Agrohemija	2,046,198	528,455	385,366	528,455	28	28
FRESH FRUITS AND VEGETABLES VC SUBTOTAL			2,638,656	3,692,017	2,810,698	2,836,472	4,613	178
1	MAP	Vipro	429,566	518,113	497,075	150,187	730	15
4	MAP	Avto Ria Dooel	106,898	471,011	410,750	361,789	197	7
5	MAP	Bonum Plus	2,026,120	-517,803	-676,626	102,324	656	35
6	MAP	Dentina	147,394	704,013	592,746	117,886	258	26
8	MAP	Lars	183,428	537,528	527,447	305,691	530	36
PROCESSED VEGETABLES VC SUBTOTAL			2,893,406	1,712,862	1,351,392	1,037,877	2,371	119
7	Angelovski	Kokolanski	35,380	-4,487	-4,756	14,242	152	-2
12	Angelovski	Flores	110,940	-1,026,812	-1,058,754	-330,658	3,024	8
14	Angelovski	Inter-Mak	510,600	-311,211	-313,324	346,471	1,508	41
15	Angelovski	Koro	108,000	560,382	299,693	-39,876	10,734	8
19	Angelovski	Vigan	350,000	243,577	260,163	178,537	3,507	1
WILD GATHERED PRODUCTS VC SUBTOTAL			1,114,920	-538,551	-816,978	168,716	18,924	56
11	Damovski	Bovin	277,665	157,006	-133,559	88,066	177	1
17	Damovski	Valandovo Winery	361,362	-120,445	-76,587	55,869	981	152
9	Damovski	Popova Kula	169,468	18,316	-35,073	-81,301	169	27
20	Damovski	Agrolozar/Dalvina	476,466	55,691	30,114	260,163	151	27
WINE VC SUBTOTAL			1,284,961	110,568	-215,105	322,797	1,478	208
GRAND TOTAL			7,931,943	4,976,896	3,130,007	4,365,862	28,405	561

TOTAL PROJECT INVESTMENT (US\$)	CUSTOMER INVESTMENT (US\$)	AGBIZ COST (US\$)	AGBIZ (%)
8,396,967	7,931,943	465,024	6%

TABLE 7. FY '10 ACTIVITY STATUS REPORT

ALL AGREEMENTS SIGNED AND IN IMPLEMENTATION

MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			DESCRIPTION/COMMENT
				TOTAL	AGBIZ	AgBiz Percentage	
873	Wine Road Show Presentations of Macedonian Wineries in Poland and The Netherlands	Damovski		99,596	21,510	22 %	Increase the awareness of Macedonian wines in two destination (target) countries
875	Assessment of the Impact of Government Subsidy Program on Export Competitiveness of Macedonian Agribusiness	Angelovski		4,500	4,500	100 %	Assess the impact from the subsidies in reducing the current imports of agricultural products and inputs
135	Online Registration of Employments for Agribusiness	Stankovic	e-Gov	3,532		0 %	Familiarize Macedonian agribusinesses with an efficient, easy and time-effective way to fulfill their legal obligation with the Employment Service Agency
877	Wine Industry Performance Survey 2009	Damovski		4,500	3,500	78 %	Research and analyze the production, processing and sales performance of the wine industry
878	Assessment of the Impact on AgBiz-Supported VC Participants of New Government Legislation Concerning Mandatory Buyout Contracting	Risteski		3,580	3,580	100 %	Analyze the extent of utilization and impact of the new legislation, and in particular, utilization of the model production contracts by AgBiz VC participants
861	Fresh Apple Exports to India	Risteovski	USAID/MCP	0	0	0 %	Establish a linkage between the Indian trader and Macedonian exporting companies in the FF&V VC
871	Production of Value-Added Victoria Table Grapes for International Market	Risteovski		32,383	4,983	15 %	Increase production and export competitiveness of value-added Victoria table grapes on international markets
879	Supporting MAEA to Develop Five-Year Strategy and Action Plan for the First Year	Angelovski		8,060	5,260	65 %	Support the MAEA to develop viable Strategy and an Action Plan that will guide them toward sustainability and organizational functionality over the next five years
222	IPARD Study Tour in Bulgaria for Bank Representatives	Risteovski		7,087	5,459	77 %	Introduce effectively prepared and successfully implemented SAPARD projects by the relevant consultant company
845	Bi-Monthly Market Information Newsletter for Each VC	Stankovic		500	500	100 %	Enhance customers' interest in market information

TOTAL Being Implemented 163,738 49,292 30 %

COMPLETED

MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			# of POs/ Business Associations 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
403	Vardarska Dolina	Damovski	Lik Avve	10,083	4,488	44 %	0	1	0	0	0	0,00
422	Dzumajlija	Damovski	Trio Consulting	7,108	2,628	37 %	0	1	0	0	0	0,00
414	Pivka Winery	Damovski	Franko Design	2,061	1,006	47 %	0	1	0	0	0	0,00
851	CBI Wine Export Coaching Program	Damovski	CBI	54,899	1,779	3 %	0	8	0	0	8	4,81
827	Support British Embassy in Macedonia to Organize a Wine Tasting Social Event	Damovski		0	0	0 %	0	5	0	0	0	0,00
855	Workshop to Provide Winery Input into the MAFWE Wine and Viticulture Strategy	Damovski	MAFWE	2,529	804	32 %	0	11	0	0	26	0,00
318	Support Four Macedonian Wineries to Exhibit at the Moscow Wine Fair 2009	Damovski	MK-Russian CoC	47,267	14,936	32 %	0	4	278,000	2	10	4,17

TABLE 7. FY '10 ACTIVITY STATUS REPORT

MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			# of POs/ Business Associations 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
852	Roundtable to Establish Process for Developing Wine Sector Export Promotion Plan	Damovski	CBI	2,415	0	0 %	0	8	0	0	0	0,00
319	ProWein Wine Fair 2010	Damovski	CBI/MoE	158,902	1,656	1 %	0	11	50,000	2	24	4,50
862	Wine Sector Export Marketing Plan Development	Damovski	CBI/MAFWE	17,810	1,290	7 %	0	0	0	0	0	0,00
880	Participation at the Fifth Agricultural Cooperation Forum between China and Central Eastern European Countries	Damovski	MAFWE	17,086	3,278	19 %	0	0	0	0	0	0,00
WINE AoF SUBTOTAL:				320,160	31,865	10 %	0	50	328,000	4	68	4,49
430	Obedinetai Agroprouvoditeli	Risteovski		6,235	3,092	40 %	1	0	0	0	42	0,00
423	Migori	Risteovski	Mashinotehna	7,920	3,920	50 %	0	1	0	0	0	0,00
424	Stefanov	Risteovski	Goran Kolev	7,548	3,888	50 %	0	1	0	0	0	0,00
415	Venec	Risteovski	Goran Kolev	7,571	3,904	50 %	0	1	0	0	0	0,00
408	Vivi Prom	Risteski	B&V	11,231	3,461	31 %	0	1	0	0	0	0,00
419	Dusan Ciric	Risteovski	DNA Factory	6,091	3,057	49 %	0	1	0	0	0	0,00
846	Application of Contemporary Technologies in Table Grapes Production	Risteovski		19,530	4,530	23 %	0	1	0	0	0	0,00
129	"Storage of Fresh Fruits, Vegetables and Grapes – An important Component of Export Competitiveness" Conference	Risteovski	Faculty of Agricultural Sciences and Food	23,739	2,060	9 %	0	14	0	0	71	0,00
223	Study Tour for Apple Producers in Hungary	Risteovski		14,840	8,315	56 %	1	0	0	0	6	4,92
224	Study Tour for Modern Post-harvest Handling Capacity Building in Holland	Risteovski	NL Agro Vinica	24,615	9,809	40 %	0	5	300,000	11	5	5,00
316	Fruit Logistica 2010	Risteovski	SIPPO	70,954	18,826	26 %	0	7	4,422,000	98	15	4,45
133	UC Davis Post-Harvest Training	Risteovski	UC Davis	13,116	13,116	100 %	0	0	0	0	2	0,00
229	FF&V Study Tour and B2B Meetings in Croatia and Slovenia	Risteovski		27,459	11,491	42 %	1	9	20,000	4	8	4,68
868	Sales Mission with SIPPO - Swiss Importers Meet Macedonian FF&V exporters	Risteovski	SIPPO	8,190	0	0 %	0	9	80,000	1	9	0,00
320	World Food Trade Fair Moscow 2010	Risteovski	Russian CoC	44,272	9,136	21 %	0	3	1,496,341	42	7	4,53
FRESH FRUIT AND VEGETABLES AoF SUBTOTAL:				293,311	98,605	34 %	3	53	6,318,341	156	165	4,72
317	International Trade Fair for Food and Beverages, "ANUGA 2009"	Risteski	MoE, GTZ	112,044	8,831	8 %	0	11	1,686,925	24	23	4,50
220	PV VC Members Study Tour and Promotional Event in Czech Republic	Risteski		16,243	6,191	38 %	0	10	0	0	10	4,89
865	Establishing Model Production Contract between PV Processors and Primary Producers	Risteski	MAP	2,785	895	32 %	1	0	0	0	0	0,00
225	Study Tour and B2B in Canada	Risteski		23,655	7,955	34 %	0	7	150,000	4	7	4,95
866	Survey on the Performance of the PV VC Industry in 2009	Risteski	MAP	4,758	2,265	48 %	0	0	0	0	0	0,00

TABLE 7. FY '10 ACTIVITY STATUS REPORT

MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			# of POs/ Business Associations 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
874	Integrated Strategy to Accelerate the Development of the Processed Vegetables Value Chain	Risteski	MAP	4,937	2,437	49 %	1	0	0	0	30	0,00
PROCESSED VEGETABLES AoF SUBTOTAL:				164,422	28,574	17 %	2	28	1,836,925	28	70	4,78
613	STTA in Assessing Gray Areas in HACCP for WGP Sector	Angelovski	GTZ	10,750	3,960	37 %	1	8	0	0	18	0,00
860	Initiation of Changes to the Law on Forests	Angelovski	TreeFor	3,916	1,506	38 %	1	5	0	0	32	0,00
858	Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture	Angelovski	CERM	9,262	4,890	53 %	0	0	0	0	0	0,00
870	Support to Shumski Plod in Addressing the Multiple Taxation of the WGP PIRN by Engaging a Legal Expert	Angelovski		2,765	2,065	75 %	0	0	0	0	0	0,00
POLICY AND INSTITUTIONAL REFORM AoF SUBTOTAL:				26,693	12,421	47 %	2	13	0	0	50	0,00
131	IPARD Training for Managers of FF&V Companies and Their Consultants	Risteovski		1,473	700	48 %	0	13	0	0	17	4,65
856	Updating the Agribusiness Finance Manual	Risteovski	Planum Consulting	3,909	3,909	100 %	0	0	0	0	0	0,00
136	Workshop on Presenting Updated Agribusiness Finance Manual	Risteovski	USAID/MCP	957	477	50 %	0	7	0	0	46	0,00
221	FF&V Companies IPARD Study Tour in Croatia	Risteovski	Biotehnicon	13,991	6,511	46 %	1	4	0	0	6	4,93
ACCESS TO FINANCE AoF SUBTOTAL:				20,330	11,597	57 %	1	24	0	0	69	4,79
869	Develop AgBiz Association Development Processes/Procedures	Angelovski		0	0	0 %	0	0	0	0	0	0,00
859	Assessment of the Interest and Commitment of Fresh Produce VC participants to Establish a Trade Association	Angelovski		408	408	100 %	1	10	0	0	0	0,00
616	Support of Shumski Plod to Develop a 5-Year Strategy, Activities and Financing Plan for the Association	Angelovski		0	0	0 %	1	0	0	0	0	0,00
226	Shumski Plod Members Study Tour to the Bulgarian WGP Association	Angelovski		5,922	2,422	41 %	1	10	0	0	20	5,00
617	Technical Assistance for Legal Registration of the FF&V Association	Angelovski		1,752	926	53 %	1	9	0	0	0	0,00
847	Web Sites for the WGP Association "Shumski Plod" and VC Companies	Angelovski		3,195	2,455	77 %	1	16	0	0	0	0,00
228	MAEA Members Study Tour to Bulgarian FF&V Associations	Angelovski		12,442	6,042	49 %	1	9	0	0	10	4,50
ASSOCIATION DEVELOPMENT AoF SUBTOTAL:				23,719	12,253	52 %	6	54	0	0	30	4,75
857	Assessment of AgBiz VC Participants Usage of Backward Linkages	Angelovski	Fagricom	3,182	3,182	100 %	0	0	0	0	0	0,00

TABLE 7. FY '10 ACTIVITY STATUS REPORT

MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			# of POs/ Business Associations 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
132	Workshop on Improving Backward Linkages of PV VC Participant	Risteski		4,947	897	18 %	1	14	0	0	35	0,00
BACKWARD LINKAGES AoF SUBTOTAL:				8,129	4,079	50 %	1	14	0	0	35	0,00
416	Igor Komerc	Angelovski	Eko Hrana	5,514	2,314	42 %	0	1	0	0	0	0,00
405	Extra Fungi	Angelovski	GrinGroup	7,171	3,171	44 %	0	1	0	0	0	0,00
406	Fungi Flora	Angelovski		7,972	2,765	50 %	0	1	0	0	0	0,00
407	Val Fungi	Angelovski		6,593	3,204	46 %	0	1	0	0	0	0,00
116	HACCP Implementation Support to WGP Consolidators	Angelovski		77,081	8,581	11 %	0	3	0	0	32	0,00
817	Cost-efficient Group GlobalGAP Implementation and Certification	Angelovski		51,725	8,015	16 %	0	13	0	0	0	0,00
130	Training in the Requirements for International Food Standards (IFS)	Angelovski		7,636	3,097	41 %	0	7	0	0	7	4,84
FOOD SAFETY SYSTEM AoF SUBTOTAL:				163,692	31,147	19 %	0	27	0	0	39	4,84
854	"Wines from Macedonia" Promotional Video	Stankovic	MTV	20,446	1,751	9 %	0	10	0	0	29	0,00
836	Pilot Regional Market Information Dissemination Activity with Moja Zemja Magazine	Stankovic	FFRM	9,342	8,164	87 %	1	18	0	0	46	0,00
OUTREACH/MARKET INFORMATION/ENVIRONMENT AoF SUBTOTAL:				29,788	9,915	33 %	1	28	0	0	75	0,00
TOTAL Completed				1,050,244	240,456	23 %	16	291	8,483,266	188	601	4,73
TOTAL BEING IMPLEMENTED AND COMPLETED				1,213,982	289,748	24 %	16	291	8,483,266	188	601	4,73
ON HOLD OR DROPPED												
MIS CODE	ACTIVITY	COORDINATOR	PARTNERS	ACTIVITY COST (US\$)			DESCRIPTION/COMMENT					
				TOTAL	AGBIZ	AgBiz Percentage						
227	Study Tour for MAP Mgt Board to a Well-Developed Association in EU (Promotional event with focus on Processed Vegetables in Poland)	Risteski		0	0	0 %	Activity was canceled due to inappropriate and slow response by the fair organizers.					
872	Foreign Direct Investment in Agricultural Commodity Exchange Market in Kochani	Risteovski		0	0	0 %	To attract foreign direct investment that will result in local area development and will have implications on development on overall FF&V VC.					
863	Support an Existing Contract Farming Model (based on the results of the backward linkages assessment)	Angelovski		0	0	0 %	Revised and reformulated in order to keep support options open, as new support needs may be detected due to the adaptation of the new Law on Agriculture.					
134	OIV Wine Marketing Program at UC Davis	Damovski		0	0	0 %	Activity canceled due to unexpectedly rescheduled visit of important importers to participating wineries.					
TOTAL				0	0	0 %						

6.2.3 FY '10 Indicators

Table 8 lists the set of output indicators reported throughout the FY on a quarterly basis, and presents the specific results achieved by Activities implemented during FY '10.

As can be noted by the Performance column, all but three of the FY '10 indicators were exceeded by a large amount. The indicator measuring “Number of Trade and Business Associations Receiving Assistance” was 50% achieved on a FY to Date basis; an additional association is targeted for assistance via several Activities that will to be implemented in FY '11.

In addition, the FY '10 target for the indicator measuring “Customer Investment Stimulated” was \$2.2 million versus the targeted \$5.5 million for FY '09, and the achievements were \$1.6 in FY '10 and \$7.4 million for FY '09. Although, according to cumulative award budgets, some investments were anticipated to be completed in FY '10, many grantees completed their share of investments earlier in FY '09. On a LoP to Date basis (September 30, 2010), AgBiz overachieved our Customer Investment Stimulated target (113% performance).

Although the number of success stories produced in FY '10 was 85% of target, awareness of US Government assistance was exposed via many and various media releases.

TABLE 8. ACHIEVEMENT OF FISCAL YEAR 2010 INDICATORS			
INDICATORS	FY '10 ACHIEVEMENTS	FY '10 OBJECTIVES	Performance (FY %)
1. Increased Raw Material Production and Products Marketing			
1.11 Value of new orders (in 000 Euros) from trade fairs, b2b meetings and fast-track projects	8,483.27	2,700.00	314 %
1.12 Number of new customers from trade fairs, B2B meetings and fast-track projects	188	24	783 %
2. Increased Coverage and Assistance to Value Chain Participants			
2.1 Number of producer organizations receiving assistance	1	1	100 %
2.3 Number of agriculture-related firms receiving assistance	91	74	123 %
2.4 Number of trade and business associations receiving assistance	1	2	50 %
3. Building Human Capacity			
3.1 Number of male individuals who have received short-term agriculture or agribusiness productivity enhancement training	458	151	303 %
3.2 Number of female individuals who have received short-term agriculture or agribusiness productivity enhancement training	143	17	841 %
4. Value of Investment Stimulated and Leveraging Achieved			
4.1 Value of customer investment stimulated (000US\$)	1,651.22	2,213.53	75 %
4.2 Value of third party domestic investment stimulated (000US\$)	0,00	0,00	0 %
4.3 Value of total domestic investment stimulated (000US\$)	1,651.22	2,213.53	75 %
4.4 Value of foreign direct investment stimulated (000US\$)	0,00	0,00	0 %
4.5 Leveraging achieved by AgBiz (%)	18 %	50 %	278 %
5. Increased Access to Finance			
5.1 Value of customer financing (potential loans) identified (000US\$)	736,24	610,00	121 %
5.2 Number of new customers provided access to finance assistance	11	11	100 %
7. Policy and Institutional Reform			
7.1 Number of policy and institutional constraints identified and prioritized	9	7	129 %
8. Outreach			
8.1 Number of success stories produced and published	11	13	85%
8.2 Number of media exposures (TV, radio and newspaper)	59	34	174%

6.3 LOP PROGRAM RESULTS

During the last 42 months of implementation, AgBiz has more than achieved planned results. LoP results are presented below. At the end of FY '10, 88% of the AgBiz term had been completed.

6.3.1 Activities

LoP (to the end of FY '10), AgBiz had received, developed internally and reviewed 192 value chain competitiveness enhancement Activity Concepts. One hundred and forty-one of these potential Activities were prioritized as relevant to AgBiz objectives and were developed and completed by the end of FY '10.

These Activities (including the 10 that fall in the “Being Implemented” category at the end of FY '10) included support for 18 international trade fairs where some of the 125 participants received orders worth more than \$16.2 million, 23 study tours, 14 training sessions, seven workshops, seven roundtables and conferences, four market research assessments, nine value chain profiles and surveys, 29 other competitive enhancement Activities (including expedited local short-term technical assistance), six PIRN related assessments, two staff capacity building activities and 22 environment related or other Activities.

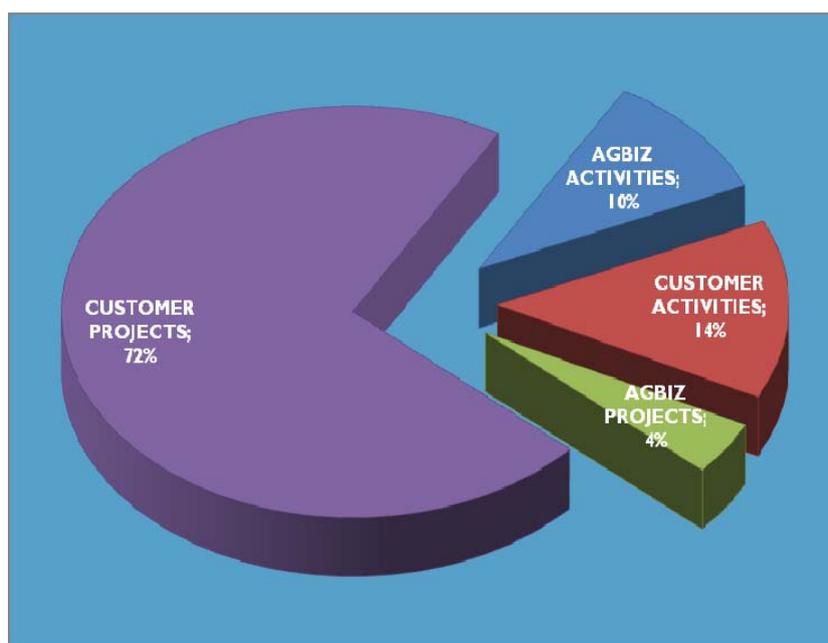
As a result, 221 (811 counting multiple participation) agribusinesses received direct technical assistance, and 1,507 of our customers’ employees received short-term training. AgBiz provided direct funding to Activities totaling over \$2.6 million, and 59% of total Activity costs were contributed by participants, resulting in very good leveraging of USAID resources.

6.3.2 Projects

Due to the successful implementation of 20 good Projects, AgBiz has made a significant contribution toward increased producer and processor/marketer competitiveness to meet export market demand for value added, agriculture-based products. These Projects involve a range of physical facilities and sales and marketing capacity enhancements. AgBiz increased awareness and knowledge of environmental compliance for customers’ Projects through program-supported environmental compliance work. Local consulting company capacity to provide services to agribusinesses was enhanced through hands-on experience with AgBiz procurement procedures and business professionals. Over the LoP, AgBiz has contributed \$465,024 to Projects, and customers have contributed \$7,931,943, for an excellent USAID/AgBiz resources leveraging of 6%.

The total customer contribution in AgBiz-supported value chain competitiveness enhancement Activities and business expansion Projects are shown in the Graphic 3 below.

GRAPHIC 3. TOTAL PROJECT AND ACTIVITY EXPENDITURES



6.3.3 Enhanced Access to Finance

By the end of FY '10, AgBiz staff had provided technical support to customers by helping them identify financing alternatives and by increasing customers' understanding of loan applications and other types of financing. A total of nearly \$7.2 million of financing opportunities were identified for 40 customers.

6.3.4 Policy Reform

The primary LoP focus of AgBiz PIR work was the identification and prioritization of PIRNs based on work done in other "components" of the Program. LoP (by the end of FY '10), AgBiz identified 22 policy and institutional constraints impeding the competitiveness of the value chains we support. AgBiz, in cooperation with Business Environment Activity (BEA), prepared an Assessment of Regulations and Practices in Personal Income Tax Collection from Farmers and Gatherers and developed a related policy reform paper and workshop. In addition AgBiz assisted the Shumski Plod association to lobby for and cause to be lifted the export ban on a specific variety of mushroom. AgBiz also supported the development of model contracts for contract farming consistent with MAFWE's proposed model contract. In coordination with MAFWE, AgBiz is trying to solve the issues concerning wine Appellation of Origin. In cooperation with CERM, the program completed an Assessment of Regulations and Practices Regarding Seasonal Employment in Agriculture. The lack of trade associations in most of AgBiz-supported value chains limits our ability to stimulate the needed reforms, and minimal dialogue between value chain participants and the GoM exists.

6.3.5 Other Outputs

Progress on indicator achievements for LoP to the end of FY '10 can be found in the Table 9 below. Over the current LoP, 221 different agribusinesses have received assistance and 1,507 individuals have received some type of training. The program has successfully stimulated around \$9.5 million of investments from the customers, and AgBiz contributed 14% of total investments. Thirty-eight success stories and 143 media inserts have been placed.

6.3.6 LoP Indicators Achievements

Table 9 lists the quarterly output indicators achieved from Activities for the Program LoP, i.e., to the end of FY '10. As can be noted, nearly all of these indicators have been overachieved, and all others have been 80–90% achieved.

TABLE 9. LOP INDICATORS ACHIEVEMENTS			
INDICATORS	LOP ACHIEVEMENTS (Through September 30, 2010)	LOP OBJECTIVES	Performance (FY %)
1. Increased Raw Material Production and Products Marketing			
1.11 Value of new orders (in 000 Euros) from trade fairs, B2B meetings and fast-track projects	12,413,97	6,600,00	188 %
1.12 Number of new customers from trade fairs, B2B meetings and fast-track projects	388	250	155 %
2. Increased Coverage and Assistance to Value Chain Participants			
2.1 Number of producer organizations receiving assistance	26	26	100 %
2.3 Number of agriculture-related firms receiving assistance	221	204	108 %
2.4 Number of trade and business associations receiving assistance	4	5	80 %
3. Building Human Capacity			
3.1 Number of male individuals who have received short-term agriculture or agribusiness productivity enhancement training	1,167	829	141 %
3.2 Number of female individuals who have received short-term agriculture or agribusiness productivity enhancement training	340	258	132 %

TABLE 9. LOP INDICATORS ACHIEVEMENTS

INDICATORS	LOP ACHIEVEMENTS (Through September 30, 2010)	LOP OBJECTIVES	Performance (FY %)
4. Value of Investment Stimulated and Leveraging Achieved			
4.1 Value of customer investment stimulated (000US\$)	9,467,66	8,347,50	113 %
4.2 Value of third party domestic investment stimulated (000US\$)	0,00	0,00	0 %
4.3 Value of total domestic investment stimulated (000US\$)	9,467,66	8,347,50	113 %
4.4 Value of foreign direct investment stimulated (000US\$)	0,00	0,00	0 %
4.5 Leveraging achieved by AgBiz (%)	14 %	50 %	357 %
5. Increased Access to Finance			
5.1. Value of customer financing (potential loans) identified (000US\$)	7,183,72	7,057,00	102 %
5.2. Number of new customers provided access to finance assistance	40	40	100 %
7. Policy and Institutional Reform			
7.1. Number of policy and institutional constraints identified and prioritized	22	20	110 %
8. Outreach			
8.1. Number of success stories produced and published	38	42	90%
8.2. Number of media exposures (TV, radio and newspaper)	143	121	118%

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