



USAID | **MACEDONIA**
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AGBIZ PROGRAM

FOURTH FISCAL QUARTER REPORT 2011
JULY–SEPTEMBER 2011

FISCAL YEAR 2011 ANNUAL REPORT
OCTOBER 2010–SEPTEMBER 2011

OCTOBER 2011

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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

AH&SP	Asbestos Health and Safety Plans
AIDAR	USAID Acquisition Regulation
AtF	Access to Finance
AWP	Annual Work Plan
B2B	Business to Business
BSC	Business Start-up Centre
BSP	Business Service Provider
CEED	Center for Entrepreneurship and Executive Development
CeProSARD	Center for Promotion of Sustainable Agriculture and Rural Development
CERM	Confederation of Employers of Republic of Macedonia
CoP	Chief of Party
COTR	Contracting Officer's Technical Representative
CPA	Cleaner Production Assessment
DAPA	Department for Agriculture Policy Analysis
DCoP	Deputy Chief of Party
DOC	Development Outreach and Communication
EG	Economic Growth
EDD	Environment Due Diligence
ERP	Enterprise Resource Planning
EU	European Union
FAR	Federal Acquisition Regulations
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FY	Fiscal Year
GoM	Government of Macedonia
HO	Home Office
IDEAS	Investment Development and Export Advancement Support/USAID funded
IM	Invest Macedonia
ISC	Integrated Supply Chain
IT	Information Technology
LF	Lead Facilitator
LoI	Letter of Intent
LoP	Life of Program
M&E	Monitoring and Evaluation
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MAEA	Macedonian Agro Exporters Association
MAP	Macedonian Association of Processors
MCG	Macedonian Consulting Group
MCP	Macedonia Competitiveness Project/USAID funded
MoU	Memoranda of Understanding
N/A	Not/Applicable
NGO	Non-Government Institution
NTE	Not-To-Exceed

PGI	Protected Geographic Indication
PDO	Protected Designation Origin
PERSUAP	Program level Pesticide Safe Use Action Plan
PHH	Post-Harvest Handling
PIRN	Policy and Institutional Reform Need
PMP	Performance Monitoring Plan
PO	Producer Organization
PPA	Pollution Prevention Assessment
PPD	Public Private Dialogue
PSDS	Private Sector Development Specialist
PV	Processed Vegetables
QR	Quarterly Report
RCI	Regional Competitiveness Initiative
RCO	Regional Contracting Officer
RfA	Request for Approval
RfP	Request for Proposal
SoW	Statement of Work
STA/M	Senior Technical Advisor/Manager
STTA	Short-term Technical Assistance
UC	University of California
US	United States
USAID	United States Agency for International Development
VC	Value Chain
VCLF	Value Chain Lead Facilitator
WoM	Wines of Macedonia

DEFINITIONS

Each of the following sections defines key terms used in this report.

Activity – An event or action designed to help achieve one or more AgBiz Extension objectives. 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

AgBiz Extension – The two-year, \$2.35 million extension of USAID/Macedonia’s AgBiz Program.

Business Services Provider (BSP) – An entity that provides business-related services to agribusinesses, most often a private sector firm such as a consulting company or an individual consultant. In some cases, public sector entities can be BSPs if the services they provide are for commercial business development purposes.

Embedded Services – 1) Additional inputs or services provided by a vendor in addition to the main items or services the vendor is selling that help the vendor to make the sale and provide the buyer with added value. 2) Inputs or services provided by a raw materials buyer to increase the quality, lower the cost, or improve delivery timing of the raw materials the buyer is purchasing from a grower. This second type of embedded service is often included in formal or informal production/delivery contracts wherein the buyer will deduct most the buyer’s out-of-pocket costs advanced to the grower from the price of the raw materials the buyer purchases.

Fresh Fruits and Vegetables (FF&V) – One of the two value chains to be supported by AgBiz.

Integrated Supply Chain (ISC) – A sustainably linked, market-focused, and effectively integrated set of participants who provide inputs or services to a single final seller (or coordinated group of final sellers) who work together to enhance the competitiveness of the end products sold by the last links in the supply chain. A supply chain is composed of participants of an ongoing set of vertical linkages that is much smaller and has fewer participants than a value chain.

InvestMacedonia (IM) – The newly formed Macedonian export promotion department of the Agency for Foreign Investment and Export Promotion.

Lead Actor (LA) – A private sector legal entity that plays a major role in the implementation of an integrated supply chain competitiveness enhancement plan (i.e., set of AgBiz-supported activities). LAs are often consolidators, packers, or processors, but can also be input suppliers, financial entities, or occasionally a trade association.

Lead Facilitator (LF) – A firm (most often a BSP) that takes majority responsibility for the planning and implementation of a significant part of an AgBiz component. An LF will be a subproject manager and will need to comply with all relevant USG, USAID, and Tetra Tech ARD regulations.

Package – A set of activities designed by an LF, with input from key LAs, to enhance the competitiveness of a specific value chain.

Partner – An entity with whom AgBiz will work to achieve the objectives of the extension. In this context, *partner* is a generic term.

Processed Vegetables (PV) – One of the two value chains to be supported by AgBiz.

Public Private Dialogue – Effective discussions between public and private sector entities that has the goal of achieving a better understanding and consensus on issues that involve both parties—usually policy and public institution reforms.

Value Chain (VC) – The firms and individuals participating in related value-adding activities that convert inputs and services supply into outputs for a given set of commodities and products. Most USAID-related value chain development work stops at the importer or wholesale buyer, but includes inputs and services suppliers.

EXECUTIVE SUMMARY

Quarterly Summary

Program Development: This Quarter (July- September 2011) represented a start- up period of AgBiz Extension and adjustment to the modified Scope of Work. The focus was primarily on establishing mechanisms for engaging Lead Facilitators (LFs) to implement AgBiz Activities under the mentoring and guidance of AgBiz staff. During the Quarter, AgBiz staffing was completed by adding one technical and one administrative position to better respond to the new SoW. In addition, policies and procedures were developed for selecting and implementing Subcontracts with LFs for 5 components. USAID COTR provided approval and participated in the Pre-selection of potential BSPs process, RfP for selecting LFs, Proposal Evaluation Committee, negotiation with lead offerors, and selection of the winning BSPs. In the last Quarter of the Fiscal Year a Contract Mod #10 was issued by USAID RCO to incrementally fund the Task Order by \$375,040, which was estimated to cover expenditures through October 2011.

Increased Domestic and Export Sales and Improved Competitiveness and Productivity: During this Quarter AgBiz placed efforts on adjusting its internal and external capacity to implement the extension that will primarily focus on two components—Intermediate Result (IR) 1.1, —Increased Domestic and Export Sales and IR 1.2, —Improved Competitiveness and Productivity of Targeted FF&V and PV Value Chain Participants. The main AgBiz objective for these two components is to increase incomes for all participants in the FF&V and PV value chains from top to bottom using a broad-based approach that includes farmers, aggregators, input suppliers, cooling and packing facility owners and traders, processors, and exporters.

AgBiz will mainly work on facilitating linkages between value chain stakeholders and selected Value Chain Lead Facilitators (VCLFs) as well as other subcontracted BSPs, resulting in more sustainable business relationships with VCs participants. During this Quarter, program staff was empowered with two additional staff members to be able to provide minimal direct technical assistance and build the capacity of local BSPs by using them to implement value chain upgrading activities. The Program will provide technical guidance and will costshare these activities. AgBiz will implement this approach by supporting FF&V and PV value chain participants to adopt the Integrated Supply Chain (ISC) concept, thus encouraging commercially viable and sustainable integration of value chain stakeholders that will in turn allow better use of resources and finances, quicker response times, better utilization of post-harvest handling processes and processing equipment, better use of storage areas, less work-in-process inventory, and better utilization of manpower. This will ultimately result in improving overall value chain productivity and competitiveness, and increasing incomes at all levels of the value chain. Value chain upgrading will be accomplished through VC Lead Facilitators development and implementation of a packages of activities that will enhance the competitiveness, productivity, and level of integration of the targeted value chains.

Increased Productivity, Competitiveness and Sales for Fresh Fruit and Vegetables Value Chain: During the quarter AgBiz developed the SoW for FF&V value chain upgrading work that will focus on supporting FF&V value chain participants to more effectively and efficiently link themselves to viable markets, identify possible new market entry opportunities and expand their export sales. EPI CENTAR was selected in the course of an extensive and competitive procurement, negotiation and selection process, as the Lead Facilitator that will implement an activity package that will lead to better coordination between suppliers of raw material and inputs and traders/exporters to implement activities to overcome key constraints at both the pre-harvest and post-harvest levels and enhance the value chain's productivity and competitiveness. The LF's proposal includes trainings and on-site assistance for improved technology for production and agricultural practice, improved quality of seedling materials, introduction of new varieties, specialized Study tours, trade fair participation and organization of networking events with non-traditional export markets

through conference and B2B meetings that will encourage development of highly productive and competitive Integrated Supply Chains and thus the anticipated achievement of increased sales of FF&V VC products. The LF will focus on enhanced firm and producer-level productivity and competitiveness while ensuring that there is wide stakeholder participation and numerous benefits particularly at the producers' side.

Increased Productivity, Competitiveness and Sales for Processed Vegetables Value Chain: AgBiz designed this component to provide support to Processed Vegetables Value Chain through direct involvement of selected LAs, companies that are vegetable processors (canning, drying and freezing) and their integrated raw material suppliers. By facilitating the adoption of an Integrated Supply Chain Concept, MCG (as the competitively-selected Lead Facilitator) will implement an activity package that aims to improve production quality, productivity and efficiency of the processors and primary vegetable producers; improve contract farming, introduce new varieties and new vegetables production technologies, improve management and production practices, strengthen horizontal and vertical linkages and increase competitiveness of the supported PV VC. Activities for strengthening market linkages and implementation of standards will directly contribute to enhanced market presence of PV products and allow PV VC participants to expand domestic and export sales.

Support for Invest Macedonia (IM): The intention under this component is to work together with IDEAS and IM on developing export promotion programs for the AgBiz supported value chains and enhance IM's internal capacity. During the quarter, as part of the component annual planning AgBiz conducted several meetings with Invest Macedonia and discussed possible activities that can be jointly implemented. AgBiz also coordinated with USAID IDEAS regarding cooperation in developing training programs for Invest Macedonia export promoters, and discussed the plan for new IM Export Promotion staff to be actively involved in AgBiz VC export promotion activities. Examples of AgBiz export promotion experience in organizing and facilitating specialized promotions were presented at an IM training workshop organized from July 5th to 7th by IDEAS for the IM Export promoters. The support to Invest Macedonia envisions having the Agency as a key counterpart in the whole process but, given its current structure and capacity, Invest Macedonia is not yet equipped for Export Promotion Capacity Building and/or other joint activities. Consequently, for the time being, AgBiz will continue to closely coordinate with Invest Macedonia and as soon as this is clarified and commitment to cooperate confirmed, AgBiz will include IM in its VC activities regarding Export Promotion and, in coordination with IDEAS, will develop capacity building activities for the IM staff.

Enhanced Agricultural Business Environment: Throughout the AgBiz extension, the Program will continue to work on enhancing the Agricultural business environment. Under the new SoW AgBiz developed several components that will address policy and strategic issues, access to finance, build capacity of the value chain participants for advocacy and developing vital and continuous public-private dialogue. During this Quarter, AgBiz developed the principles, tools and identified the implementers of these components as follows:

Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund: The support to the Ministry of Agriculture, Forestry and Water Economy (MAFWE) will be executed by direct assistance to the Minister's cabinet for updating and/or developing long term documents such as strategies, plans and assessments that are linked to enabling better business environment for the AgBiz supported VCs. During the quarter AgBiz coordinated with the MAFWE Chief of Cabinet and agreed on proposed set of activities to be implemented under this component. At the beginning of the next quarter, after receiving USAID approval, AgBiz will sign a Memorandum of Understanding with the Minister of MAFWE and start the implementation of proposed activities.

Policy and Institutional Reform Needs Identification, Prioritization and Analyses: AgBiz will extend its work from only identifying and prioritizing the Policy and Institutional Reform Needs (PIRNs) to the next step of involving the private sector representatives to facilitate the process of addressing the issues assisted by AgBiz and relevant STTA consultants. It is expected that after signing the subcontracts at the beginning of the next quarter, the selected VCLFs, through their daily communication with the Lead Actors and primary

producers will play a major role in comprehending the problems and selecting the most feasible ones to be addressed and solved. The work on addressing PIRNs will be launched, as soon as Lead Facilitators start their work with beneficiaries and identify applicable PIRN issues. This component will be managed internally by the AgBiz DCoP for Public Sector Liaison & Access to Finance.

Development of VC Export Strategies and Plans for the FF&V and PV VCs: Although the procurement process to identify the LF for this component was conducted together with the process for the other AgBiz components, during this Quarter the selection of a Lead Facilitator and launch of this component was delayed due to the current restructuring of the Invest Macedonia Agency.

Public Private Dialogue and Organizational Advocacy Capacity Enhancement: Activities conducted to strengthen PPD through increased utilization of effective advocacy will be part of a multilevel approach that includes preparing of both private and public sector entities to achieve efficient and effective dialogue and steer needed policy and institutional reforms through the GoM system. This component will be implemented by the Center for Promotion of Sustainable Agricultural Practices and Rural Development (CeProSARD). This Non-Government Organization (NGO) was the only bidder and was selected due to its relevant experience and satisfactory proposal. The proposal includes an assessment of the current capacities of the target associations and MAFWE employees, and proposes tailoring and conducting adequate trainings, establishing transparent communication channels for Public-Private Dialogue (PPD) and addressing PIRNs by coordinated approach between the GoM and the Private Sector.

Enhanced Access to Finance: During this Quarter, via an extensive and competitive procurement, negotiation and selection process, the NGO Innovation Center was selected to implement this component that will address issues of accessing finance by firms and farmers in the PV and FF&V Value Chains. This will be done through utilization of the Macedonian Competitiveness Project (MCP) pool of Financial Consultants, educational events and dissemination of AtF information tools.

Monitoring and Evaluation: Monitoring and Evaluation: To meet the overall principles for the extension period, an extensive adaptation of the AgBiz Performance Monitoring Plan (PMP) was performed during this Quarter. The Results Framework identifying the hierarchy of anticipated results was established and the performance indicators were selected. Based on data obtained from the VC LFs, baseline and target values were set for indicators that will measure progress towards achieving incremental sales at farm-level and increased value and volume of sales. Target values for both output and outcome indicators for FY'12 and for the remaining of FY'13 were also set.

FY '11 Annual Report Summary

Most Significant Accomplishments: 380 agribusinesses received assistance, out of which 109 were new customers. Eight Producer Organizations 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 986 individuals. Customers invested around \$330,000 in our Activities, and AgBiz contributed around 27% of total Activity costs. The awareness of US Government assistance was increased by publishing/releasing 10 Success Stories and 30 media exposures. We significantly improved customers' awareness of potential new buyers' requirements in the more advanced export markets due to customer participation in three trade fairs and eight study tours and B2B meetings, thereby helping customers obtain over \$3.8 million in new orders. Good progress was made in developing sustainable trade associations that can continue AgBiz-type work as legacy institutions, including responsibility given to MAP for coordinating AgBiz processed vegetables work; Macedonian Agro Exporters Association's (MAEA) were supported to develop a Five Year Strategy, and an Action Plan for Year One and the strategic support provided to Wines of Macedonia (WoM) by developing the wine and viticulture industry, increasing exports of both bottled and bulk wines, building umbrella recognition of Macedonian wines in regional and international markets, and being an industry advocate in front of the GoM and other relevant institutions.

Activities: AgBiz successfully implemented 39 pragmatic competitiveness enhancement Activities. Significant knowledge and skills were transferred to 986 individuals. The participation of 12 customers in trade fairs and 73 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 43 regional and international buyers for Macedonian fresh produce, wine and processed vegetables products led to receiving orders of more than \$3.8 million. In addition, the program stimulated and supported transferring post-harvest handling technologies for fresh produce 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 48% over the baseline, or more than \$5.6 million; the “value of exports” increased by more than \$9 million and “total sales” increased 27%, or around \$12.4 million. Over 42,400 “rural households directly benefited from interventions” and 637 new full-time equivalent jobs were created or 41% more than the baseline. AgBiz customers invested over \$7.9 million in these 20 business expansion Projects involving a range of physical facilities, improved production and sales and marketing capacity enhancements. These impressive results were accomplished with an AgBiz cost of less than \$470,000, or only 5.6% of the total amount of \$8.37 Mil invested in Projects, not including environment-related work, thus achieving excellent leveraging of USAID funds.

Enhanced Access to Finance: We continued the close financing facilitation relationship with the private sector and financial institutions. During the workshop on environmental legal obligation of companies and utilization of Renewable Energy Sources in Agriculture attended by over 30 customers, Ohridska Bank presented appropriate agribusiness finance products and particularly the so called “green” loans related to investments in environmental protection and energy saving. These newly available loans are intended to help agribusinesses and smaller farmers improve productivity through introduction of energy efficient measures, solely through the bank or jointly with appropriate EU funding instruments.

Policy Reform: AgBiz identified 12 policy and institutional constraints impeding the competitiveness of the value chains we support, and implemented several activities related to addressing PIRNs. Assessments of “GoM Subsidies and their impact on the export competitiveness of AgBiz-supported VCs”, “Potential and challenges for developing POs in Macedonia with Recommendations for AgBiz support” and “Impact of Government Legislation regarding mandatory buyout contracting for FF&V products” were completed and AgBiz has organized a Public-Private Dialog to address the findings identified.

Life of Program (LoP) Summary

Activities: LoP (through the end of FY '11), AgBiz had received, developed internally and reviewed 235 value chain competitiveness enhancement Activity Concepts. One hundred and eighty-one (181) of these potential activities were prioritized as relevant to AgBiz objectives and were developed and completed by the end of FY '11. These activities included support for participation in international trade fairs where customers received orders worth around \$20 million. Various types of Activities, including study tours and promotional events, training sessions, workshops, roundtables and conferences, market research assessments, value chain profiles and surveys were provided to VCs participants and as a result, 330 (1,320 counting multiple participation of participants to more than one event) agribusinesses received direct technical assistance and 2,493 of our customers' employees received short-term training. AgBiz provided direct funding to activities totaling over \$1.2 million, and 60% 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 less than \$470,000 to Projects and customers have contributed over \$7.9 million, for an excellent USAID/AgBiz resources leveraging of 1:16.8.

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 over \$7.4 million in financing opportunities and most adequate access to finance were identified for 40 customers over the life of program.

Policy Reform: LoP, we identified 34 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 52 months of implementation, AgBiz has more than achieved planned results. Three hundred and thirty different agribusinesses have received assistance, and around 2,500 individuals have received some type of training. The program has successfully stimulated around \$9.8 million of investments from the customers, and AgBiz contributed around 15% of total investments through projects and activities. Forty-eight Success Stories and 173 media inserts have been completed.

I.0 FOURTH QUARTER ACCOMPLISHMENTS

I.1 PROGRAM DEVELOPMENT AND IMPLEMENTATION

Summary of Completed Actions/Pending Issues

Compliance/United States Agency for International Development (USAID) approvals

During this Quarter AgBiz submitted Request for Approval (RFAs) and received approvals from USAID Contracting Officer's Technical Representative (COTR) and Regional Contracting Officer (RCO) as required and in compliance with USAID rules and regulations.

- USAID RCO issued Contract mod#10 to incrementally fund the Task Order by \$375,040, thereby increasing the total obligated amount from \$5,974,960 to \$6,350,000, which is estimated to cover expenditures through October 31, 2011;
- Three-months Work Plan activity schedule approved;
- COTR approved Fiscal Year (FY) 2011 Third Quarterly Report;
- Approvals Process Letter;
- Vehicles Transfer Agreements signed by USAID Mission Director and COTR;
- Daily Rate for Mr. Damovski Chief of Party (CoP), for Ms. Deriban, Finance and Outreach Specialist and for Mr. Jordan Nikolov, Private Sector Development Specialist (PSDS) were approved;
- Detailed and specific proposal screening methodology and prioritization criteria for Lead Facilitators (LFs) and contracting procedures;
- Request for Proposal (RfP) for Pre-selection of potential Value Chain Lead Facilitators (VCLFs) for Fresh Fruit and Vegetables (FF&V) and Processed Vegetables (PV);
- Approval of the 3 RfPs for selection of potential VCLFs for: 1. Enhanced Access to Finance for participants in the Fresh Fruit & Vegetables and Processed Vegetables Value Chains; 2. Enhanced Global market Presence by developing Export Marketing Plans; and 3. Strengthening Public Private Dialogue (PPD) through the Increased Utilization of Effective Advocacy.
- Preliminary approval of the Draft Not-To-Exceed (NTE) Subcontract and Budget Format for Lead Facilitators provided by both COTR and RCO.
- The Proposal Evaluation Committee including AgBiz CoP, both Deputy Chief of Party (DCoPs) and the Senior Technical Advisor/Manager (STA/M) and the COTR reviewed and scored the proposals for potential LFs for: FF&V VC and PV VC, Enhanced Access to Finance for participants in the Fresh Fruit & Vegetables and Processed Vegetables Value Chains, Enhanced Global market Presence by developing Export Marketing Plans and Strengthening Public Private Dialogue through the Increased Utilization of Effective Advocacy. Negotiated with the top-ranked firm, interviewed the technical specialists proposed, and proposed revisions of the technical approach, budget and indicators
- Sent to USAID COTR the AgBiz Quarterly Accruals report for period July-September, 2011.

Compliance/Macedonian Laws & Tetra Tech Associates in Rural Development (Tetra Tech ARD) Policies & Procedures

- During this Quarter the authorized signatory of ARD Subsidiary office in Macedonia was changed. Goran Damovski replaced Gorgij Josifov from Macedonia Local Government Activity. Also, bank

signatory changes were initiated. New signatories will be Goran Damovski, Vasko Hadzievski, Claudia LaLumia, and David Green per Tetra Tech ARD resolution. All necessary documentation has been translated and submitted to the bank.

- All AgBiz local staff performed an annual review of Tetra Tech ARD's Ethical Business Conduct Code.
- Updated AgBiz Annual Inventory file per Tetra Tech ARD internal policies and procedures.
- Drafted NTE Subcontracts with four Lead Facilitators with all accompanying attachments and regulations and sent to Tetra Tech ARD for review.
- Completed organization and logistical support for the Annual Work Planning (AWP) Workshop to be held on October 4-5, 2011 in Hotel Drim Struga. Prepared Annual Work Planning Workshop agenda and Power Point Presentation Templates for the 4 selected LFs. Invited all participants and confirmed the presences of the CO/TR, USAID Economic Growth (EG) Director, two Project Development Specialist from USAID Macedonia Mission and 4 LFs and Ministry of Agriculture, Forestry and Water Economy (MAFWE) representative.

Property Disposition and Purchase

- USAID approved Vehicles Transfers to Center for Entrepreneurship and Executive Development (CEED) and Business Start-up Centre (BSC) Bitola completed by signing Transfer Agreements, Act of Acceptance and Notarized Grant Agreements.
- Technical specifications for purchasing equipment per USAID approved budget was issued to potential bidders, received bids were evaluated, an approval was received from Home Office (HO), selected service provider and ordered new Information Technology (IT) equipment was completed during this quarter.

New Finance Practices

- During this Quarter, and per Tetra Tech ARD internal policies and procedures, AgBiz started using QuickBooks software for preparing monthly Financial Reports, by recording bank transfers, funds receipts and monthly expense transactions and sending it to Tetra Tech ARD to be included in the monthly AgBiz invoice to USAID.

Human Resources and Staffing

- During the period of 9-17 July, 2011 the CoP and both DCoPs attended Senior Staff Orientation and Training in Tetra Tech ARD Head Quarters in Burlington, Vermont. Meetings were held with Tetra Tech ARD responsible officials for Project Management, Contracting, Budgeting, Financial Management, Procurement and Inventory, Monitoring and Evaluation (M&E) and Performance Monitoring Plan (PMP), Information and Knowledge Management, Marketing and Communications. The DCoP Finance attended training on "Preventing Fraud and Embezzlement in USAID's Awards" held by Robert E. Stross, Certified Public Accountant.
- Shortlisted, interviewed and selected Jordan Nikolov as the candidate for the new Private Sector Development Specialist. Mr. Nikolov has vast previous experience in managing agribusiness development projects and relevant commercial agribusiness experience. Jordan will be responsible to coordinate the management of Components 1.1.1 + 1.2 and 1.1.2.4 such that the objectives of these components are efficiently and effectively achieved; and will coordinate AgBiz relationships with private sector participants in the PV and FF&V.
- On July 18, 2011 the new Finance and Outreach Specialist, Kristina Deriban joined AgBiz to support the DCoP for Admin, Finance, and Compliance to prepare accounting reports for the Government of Macedonia (GoM) and Tetra Tech ARD and develop and implement an outreach program that effectively communicates AgBiz results to USAID, supported Value Chain (VC) stakeholders, and the general public, as well as organize implementation of all training activities and workshops for LFs and subcontractors.
- Both new staff members were registered according to the Macedonian employment procedures and issued an employment contract, including a Tetra Tech ARD internal policies and procedures orientation

External Cooperation and Coordination

- The idea of establishing a platform for quicker and more effective PPD and addressing Policy Institutional Reform (PIR) was discussed with and welcomed by the Minister of Agriculture. Since the new government was not yet established, the Minister asked for another meeting in the second half of August;
- Held a meeting between the USAID COTR, AgBiz Management and the Minister's Chief of Cabinet about the operational procedures for technical implementation of the Special Opportunity Fund (SOF). AgBiz documents for developing activities were shared and procurement procedures discussed;
- Met with the Department for Agriculture Policy Analysis (DAPA) under MAFWE and discussed cooperation on the process for enhanced PPD. The representatives from DAPA expressed readiness for sharing information and responsibilities;
- Held a discussion with Investment Development and Export Advancement Support (IDEAS) regarding Invest Macedonia (IM) export promoters, and the plan for new Export Promotion staff to be actively involved in AgBiz export promotion Activities; and
- The AgBiz CoP Goran Damovski did a presentation about the AgBiz process of organizing and facilitating specialized promotions at an IM training workshop organized from July 5th to 7th by IDEAS for the IM Export promoters. Examples of AgBiz export promotion experience, including Wine Road Show presentations in Warsaw and Amsterdam, as well as the Export Marketing Plan for Wine and the intention to do the same for FF&V and PV VC were presented. At the workshop the organizational structure of IM proposed by IDEAS was presented. However, the exact role and approach of IM Export Promoters are still under development.

I.1.1 SUBCONTRACTING LEAD FACILITATORS

During this Quarter AgBiz performed an extensive procurement and purchasing procedure for subcontracting Lead Facilitators to implement AgBiz Activities.

I.1.1.1 Subcontracting Value Chain Lead Facilitators

Pre-RFP Solicitation: AgBiz publicly announced a pre-RfP solicitation to potential VCLFs for 1.1.1 + 1.2 work for both the PV and FF&V value chains. The solicitation requested submission of a Capability Statement and Basic Approach concept. The requested Capability Statement and Basic Approach demonstrated that the bidder has the technical knowledge and staffing capabilities required to successfully implement the VCLF role, outline the bidder's proposed basic approach for achieving component objectives, and include a company history of implementing relevant work.

AgBiz management and the COTR reviewed the Capability Statements and Basic Approach documents submitted, and preselect a short list of qualified potential bidders.

Bidders' Workshop: AgBiz staff held a workshop with only the shortlisted bidders to explain the required content of potential bidders' VCLF proposals, including the detailed technical approach and illustrative activities, a description of how they will manage USAID/Tetra Tech ARD procurement procedures, a budget, and a timed implementation plan.

Release of the RFP: A detailed RfP was sent to the shortlisted potential VCLFs. RfPs contained at minimum:

- Related to the procurement process, a cover letter summarizing who, what, where (to submit proposals), when (start and end dates), and how;
- A detailed Statement of Work (SoW), with deliverables;
- A format for providing a detailed total budget, and a projected basic budget for each proposed activity showing anticipated cost-sharing for each and all VCLF costs and fees;
- The proposed payment schedule tied to the deliverables;
- General, technical, and cost instructions for proposal preparation;
- Technical proposal evaluation criteria (how the Proposal Evaluation Committee will assess and score received VCLF proposals); statement that the final technical score of each proposal will be a major factor in determining the selected subcontractor; and a statement that the cost proposal will be evaluated separately; and
- A list of certification requirements.

Evaluation of Proposals: The Proposal Evaluation Committee consisted of 3 AgBiz key personnel, the STA/M and the CO/TR thoroughly reviewed the technical proposals submitted that met the minimum qualifications; proposal technical and cost scoring was according to previously established selection criteria agreed to by USAID.

Negotiating with Lead Offerors: The Proposal Evaluation Committee negotiated with the top-ranked firms, interviewed the technical specialists proposed, and reviewed reference checks. The Committee ensured that the proposed budget is reasonable and that costs can be allocated and is allowable under USAID regulations.

Where needed the committee:

- Recommended changes to personnel;
- Requested answers to questions regarding both the technical and the cost proposals;
- Requested other revisions; and
- Ensured that travel and per diems costs, if included in the proposal, do not exceed United States (US) travel regulation ceilings.

Award, Home Office, and USAID Approvals and Procurement Agreement: The final selection was determined based on initial rankings and follow-on revisions. In the final analysis, this selection was based on which offeror provides the best overall value. The committee advised the winning offeror to proceed to final award. Prior to signature, the Tetra Tech ARD home office will review the final unsigned subcontracts and all related materials. The home office will provide any language that needs to be incorporated into the subcontracts, including any applicable USAID Acquisition Regulation (AIDAR) and Federal Acquisition Regulations (FAR) - incorporated clauses or language from the prime contract.

USAID approval will then be requested. After approvals from both the home office and USAID have been obtained, the CoP and an authorized officer of the winning Business Service Provider (BSP) will sign the subcontract.

1.1.1.2 Subcontracting Non-VC Lead facilitators

In addition to the VCLF subcontracts, AgBiz publicly announced a RfPs solicitation to potential qualified local BSPs to implement activities for Access to Finance (1.4), FF&V and PV Value Chain Export Marketing Plans (1.1.2.4), and Advocacy Organizational Capacity Building (1.3.2.2). For these subcontracts, the same procurement, implementation, and monitoring procedures was applied as for the VCLFs, but without the pre-RfP Capability Statement, short listing, and pre-solicitation workshop. The process will include a capacity building and conformance session held with each winning bidder. Cost-sharing parameters for each of these three LFs will be determined separately based on the capacity of beneficiaries to cost-share planned activities.

1.1.1.3 Subcontracting other Qualified Local Business Service Providers

Numerous qualified local BSPs will be engaged to implement single activities developed by AgBiz and not managed by LFs under 1.1.2, 1.3.1, and 1.3.2. A USAID-compliant process for procuring services from qualified local BSPs will be implemented that utilizes an open and competitive bidding process. In essence, the same procurement, implementation, and monitoring procedures will be applied as for the LFs, but without the pre-RFP capability statement and training workshop stages. This means that the same procurement procedures that AgBiz has successfully implemented in the past will continue to be utilized.

1.2 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR FRESH FRUITS AND VEGETABLES

Component Overview: (Goal & Issues)

The main objective under FF&V VC component is to work with FF&V value chain stakeholders to increase incomes for all participants in the supported VC from top to bottom using a broad-based approach that includes farmers, aggregators, input suppliers, cooling and packing facility owners and traders, processors, and exporters. This will be realized primarily by improving productivity and competitiveness at all levels of the value chain, strengthening market presence and by enhancing the business environment and improving access to finance. These enhancements achieved via sustainable linkages between Lead Actors and producers in the targeted VC will in turn increase domestic and/or international sales and increase purchases from smallholder producers, therefore increasing participants' incomes.

1.2.1 Activities Completed during the Quarter

During the quarter AgBiz designed a SoW for development and implementation of a set of activities to support Fresh Fruit and Vegetables value chain participants for adopting the Integrated Supply Chain (ISC) concept and achieving component objectives. Based on the Capability Statement and Basic Approach concept submitted, Agbiz pre-selected two companies that demonstrated technical knowledge and staffing capabilities required to successfully implement the VC Lead Facilitator role. Later AgBiz sent a detailed RFP to solicit proposals from the shortlisted potential VCLFs. Evaluation committee reviewed both proposals for implementing relevant FF&V VC work and selected EpiCentar's as winning proposal. The proposal includes working directly with a sample of eleven Lead Actors (LAs) focused on three VC products: apples, peppers and table grapes.

EpiCentar as FF&V VCLF will use an approach of directly involving the producers in the process of improvement of their end product, resulting in better quality and potentially increased quantity to be able to be sold on the market in accordance with specific market demands per product through immediate intervention to the supporting lead actors. Through trainings and on-site assistance for improved technology for production and agricultural practice, improved quality of seedling materials, introduction of new varieties and through specialized Study tours, trade fair participation and organization of networking event with non-traditional export markets through conference and Business-to-Business(B2B) meetings, the LF will encourage vertical Supply Chain Integration in the VC as an essential aspect in the implementation of activities for achieving the overall objective. This will ultimately result in improved overall value chain productivity and competitiveness, increase domestic and export sales and increasing incomes at all levels of the FF&V value chain.

As FF&V VCLF, EpiCentar will encourage VC participants to contribute to other components' work including developing the capacity of VC associations and producer groups to more effectively utilize public private dialogue and advocacy for policy and institutional reform, ensure inclusion in the process for developing Export Marketing Plan for FF&V, identifying and prioritizing policy and institutional constraints

that limit the VC competitiveness as well as identify the Access to finance support needed for value chain participants.

1.2.2 Activities Planned for the Next Quarter

The main activities planned with the EpiCentar as Lead Facilitator for Fresh Fruits and Vegetable component, for the next quarter are the following:

- Sign final subcontract with Tetra Tech ARD
- Preparation of a VC Baseline Screening through Organized Focus Groups;
- Training in Post-Harvest Technology;
- Provision of comprehensive technical on-field assistance for modern production technology of table grapes;
- Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material;
- Introduction and promotion of the production of new fresh pepper types/varieties attractive for the European Union (EU) fresh market (bell pepper);
- Support to the process of compliance of the primary production with the requirement of the buyers and the market demand; and
- Supporting sustainable and continuous domestic production of high quality, certified, market demanded Apple planting material.

1.3 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR PROCESSED VEGETABLES

Component Overview: (Goal & Issues)

The main objective under PV VC component is to work with PV value chain stakeholders to increase incomes for all participants in the supported VC from top to bottom using a broad-based approach that includes farmers, aggregators, input suppliers, cooling and packing facility owners and traders, processors, and exporters. This will be realized primarily by improving productivity and competitiveness at all levels of the value chain, strengthening market presence and by enhancing the business environment and improving access to finance. These enhancements achieved via sustainable linkages between Lead Actors and producers in the targeted PV VC will in turn increase domestic and/or international sales and increase purchases from smallholder producers, therefore increasing participants' incomes.

1.3.1 Activities Completed during the Quarter

This quarter AgBiz also designed specific SoW for development and implementation of a set of activities to support Processed Vegetables (FF&V) value chain participants for adopting the Integrated Supply Chain (ISC) concept and achieving component objectives. The Program went through a Pre-selection process and solicited proposals from two shortlisted potential VCLFs. After thorough evaluation of both proposals the committee selected Macedonian Consulting Group (MCG) as LF for implementing relevant PV VC work.

This proposal also includes direct involvement of eleven LAs, companies that are vegetables processors (canning, drying and freezing) and their integrated raw material suppliers. By implementing the proposed activities including assistance to improve production quality, productivity and efficiency of the processors and primary vegetable producers; improve contract farming, introduce new varieties and new vegetables production technologies, improve management and production practices, strengthen horizontal and vertical

linkages LF will be facilitating the adoption of an Integrated Supply Chain Concept and increase competitiveness of the supported PV VC. Proposal includes organizing a buying mission of importers in Macedonia, study tours, fairs, and implementation of standards that will allow PV VC participants to sustain current and enter new export markets. The planned activities will also support further association strengthening and directly contribute to enhanced market presence of PV products.

The implementation of the selected activity package should encourage commercially viable and sustainable integration of value chain stakeholders that will in turn enable better use of resources and finances, quicker response times, better utilization of processing processes, smaller storage areas, less work-in-process inventory, and better utilization of manpower, thus improve the overall productivity and competitiveness and generate additional income for PV VC participants. MCG will work as a support to other components LFs that AgBiz will subcontract to implement Organizational Advocacy Capacity enhancement work; Developing Export Marketing Plan for the PV VC; Identifying and prioritizing policy and institutional constraints and Access to finance assistance needed for value chain participants.

I.3.2 Activities Planned for the Next Quarter

The following are the main activities planned with the MCG as Lead Facilitator for PV component, for the next quarter:

- Sign formal subcontract agreement with Tetra Tech ARD;
- Visit to Anuga 2011 and contact with export buyers;
- Organizing a buying mission of German importers in Macedonia;
- Facilitation /implementation of contract farming;
- Development and implementation of tailor made Enterprise Resource Planning (ERP);
- New product development;
- Training programs for farmers for adopting of EU requirements;
- Introduction of new varieties and new vegetables production technology;
- Development of an interactive web portal for PV VC; and
- Acquiring and dissemination of international market data.

I.4 SUPPORT FOR INVEST MACEDONIA

Component Overview: (Goal; Completed Actions & Achievements; Pending Issues)

The key objective of this component is to support Invest Macedonia to build its export promotion capacity. The intention is to work together with IDEAS and IM on developing export promotion programs for the AgBiz supported value chains and enhance IM's internal capacity. The support to Invest Macedonia envisions having the Agency as a key counterpart in the whole process. Unfortunately, given its current structure and capacity, Invest Macedonia Agency is not yet in a position to provide adequate support to any activities linked to Export Promotion Capacity Building and/or other activities.

I.4.1 Activities Completed during the Quarter

Since this is a component that should be managed internally by AgBiz staff, before the annual planning AgBiz CoP and DCoP conducted several meeting with the Invest Macedonia and exchanged information and views on possible activities that can be included in this component. AgBiz also coordinated with USAID IDEAS

regarding cooperation Invest Macedonia export promoters, and discussed the plan for new IM Export Promotion staff to be actively involved in AgBiz VC export promotion Activities.

AgBiz CoP gave a presentation about the AgBiz process of organizing and facilitating specialized promotions at an IM training workshop organized from July 5th to 7th by IDEAS for the IM Export promoters. Examples of AgBiz export promotion experience, including Wine Road Show presentations in Warsaw and Amsterdam, as well as the Export Marketing Plan for Wine and the intention to do the same for FF&V and PV VC were presented. On behalf of Macedonian Association of Processors (MAP) as AgBiz subcontractor for the previous Processed Value chain development work, Saso Risteski presented MAP's experience in coordinating participation at International Trade Fairs. AgBiz experience was much appreciated and IM representatives expressed interest to closely cooperate on export promotion.

I.4.2 Activities Planned for the next Quarter

The planned support to Invest Macedonia to build the capacity for their employees to support export promotion depends on the recent developments related to the restructuring of the agency and potential selection of agriculture as their priority. The Program will continue to closely coordinate with Invest Macedonia and as soon as this is clarified and commitment to cooperate confirmed, AgBiz will include IM in its VC activities regarding Export Promotion and, in coordination with IDEAS, will develop suitable capacity building activities for the IM staff.

I.5 STRATEGIC PLANNING AND POLICY MAKING AT MAFWE AND SPECIAL OPPORTUNITIES FUND

Component Overview: (Goal & Issues)

The overall objective of this component is to help the Minister's cabinet and relevant departments achieve strategic and long term results by creating firm legal ground for enhancing the competitiveness of the AgBiz supported value chains. This will be done through activities focusing on development of MAFWE's strategic documents and through enhancing their planning and policy-making capacity. The support to the Ministry of Agriculture, Forestry and Water Economy is going to be executed by direct assistance to the Minister's cabinet for updating and/or developing long term documents such as strategies, plans and assessments that are linked to enabling better business environment for the AgBiz supported VCs.

I.5.1 Activities Completed during the Quarter

During the quarter the USAID COTR, AgBiz CoP and DCoP conducted several meeting with the MAFWE Chief of Cabinet and exchanged information and views on possible activities that can be included in this component. The MAFWE proposed a set of activities that were discussed and coordinated with their departments and relevant experts. For implementation of the activities AgBiz will engage experts through the AgBiz procurement process in cooperation with MAFWE.

I.5.2 Activities Planned for the next Quarter

The following shows the Activities that will be initiated under the Special Opportunity Fund for MAFWE for the next quarter:

- Modification of the Strategy for Agriculture and Rural Development 2007-2013;

- Support in preparation of secondary legislation based on the recently adopted Laws related to Agriculture sector;
- Technical support in preparation of Annual Agriculture reports for 2010 and 2011 (Analytical part);
- Revision and recommendations for further development of strategic planning process of MAFWE;
- Preparation of 11 studies for Protected Designation Origin (PDO) or Protected Geographic Indication (PGI); and
- Policy analysis and recommendations.

I.6 POLICY AND INSTITUTIONAL NEEDS IDENTIFICATION, PRIORITIZATION AND ANALYSES

Component Overview: (Goal & Issues)

The main objective of this component is to identify and prioritize the Policy and Institutional Reform Needs (PIRNs), involve the private sector representatives to facilitate the process of addressing the issues assisted by AgBiz and relevant consultants as a Short-term Technical Assistance (STTA). It is expected that the VCLFs, through their daily communication with the Lead Actors and primary producers will play a major role in comprehending the problems and selecting the most feasible ones to be addressed and solved. Each PIRN will be addressed by engaging a consultant as a STTA. The component managed by the AgBiz DCoP for Public Sector Liaison & Access to Finance.

I.6.1 Activities Planned for the next Quarter

The selected VC Lead Facilitators will have daily communication and close relations with the VC participants from all levels. As per the RfP they are expected to identify Policy and Institutional Reform Needs that obstruct the competitive development of the Value Chains. The identified PIRNs will be carefully reviewed and prioritized by AgBiz. The selected issues that characterize obstacles for the current business operations will be addressed by engaging BSPs to analyze it, include all stakeholders and recommend solutions for improvement to the relevant institutions or policy makers. Other entities for identification of PIRNs are the non-VC LFs and AgBiz staff. The process of addressing the PIRNs is expected to be enhanced with the approach that will be developed by the Lead Facilitator implementing the Advocacy and PPD component.

I.7 PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT

Component Overview: (Goal & Issues)

In spite of the existing legal frame and supporting measures for FF&V and PV VCs, not yet established communication channels prevent their implementation according to the needs and requirement of the involved partners. Therefore, there is a need to establish sustainable communication tools and channels that will enable regular communication and exchange of experience among GoM institutions and VC participants.

The overall objective of this AgBiz component is to strengthen Public Private Dialogue and enhance the advocacy capacity of the AgBiz supported VCs.

I.7.1 Activities Completed during the Quarter

The Non-Government Organization (NGO) Center for Promotion of Sustainable Agriculture and Rural Development (CeProSARD) was the only bidder on the AgBiz RfP and was selected due to its relevant experience and satisfactory proposal. After several modest adjustments, the proposal was finalized and approved by the AgBiz committee, and the list of activities will be presented at the Annual Work Plan Workshop. The component includes assessment of the current capacities of the target associations and MAFWE employees, tailoring and conducting adequate trainings, establishing transparent communication channels for PPD and addressing PIRNs by coordinated approach between the GoM and the Private Sector.

I.7.2 Activities Planned for the next Quarter

The following shows the Activities that will be initiated in the next quarter:

- Identification of the VC participants representatives;
- Identification of responsible departments/persons within GoM institutions;
- Desk research of the current situation and documents related to FF&V and PV VCs;
- Field research and interviews with relevant stakeholders (VCs participants and GoM);
- Training needs assessment for future intervention for VCs and GoM participants; and
- Organization of the joint meetings in order to initiate platform creation.

I.8 DEVELOPMENT OF VC EXPORT STRATEGIES AND PLANS FOR THE FF&V AND PV VCS

Component Overview: (Goal; Completed Actions & Achievements; Pending Issues)

The overall objective is to establish a process and develop Export Marketing Plans for both VCs that will enable a more coordinated approach to export promotion and will enhance the capacity of Invest Macedonia to facilitate and gradually take over the managing of Export promotion. This should be done by involving the PV and FF&V value chain stakeholders, Invest Macedonia, government bodies and other relevant entities.

However, the work under this component is postponed until the GoM concludes with reconstruction of the Invest Macedonia and creates the necessary circumstances for cooperation with AgBiz.

I.8.1 Actions taken during the Quarter

Although the procurement process was conducted together with the other AgBiz components, the selection of Lead facilitator and launch of this component was put on hold due to the current situation in the Agency Invest Macedonia. The activities under this component are envisaged to be implemented jointly with a designated staff from IM in order to build their capacities and have the ownership over the developed documents. The company “Macedonia Export” was the only bidder to the AgBiz RfP. The AgBiz evaluation committee proposed modifications for improvement that were accepted. However, the committee was instructed to put the final selection on-hold until necessary conditions are met by the Invest Macedonia.

I.8.2 Actions Planned for the Next Quarter

In November 2011, USAID representatives will have a meeting with the Vice Prime Minister for Economic relations and other high representatives from the GoM. Among other issues, the situation with the agency

Invest Macedonia will be discussed and conclusion derived for future AgBiz involvement regarding this component.

I.9 ENHANCED ACCESS TO FINANCE

Component Overview: (Goal & Issues)

Most companies and farmers do not even consider the option of going to a financial institution mainly due to the perceived unfavorable conditions under which local banks operate, especially related to loan appraisal, terms and collateral requirements. This leads to Limited supply of bankable project proposals to banks; Mismatch between the demand and offer of financial services; Limited level of domestic investment and more.

The overall objective of this AgBiz component is increased Access to Finance within the Agricultural sector, more specifically serving the needs of FF&V and PV value chain participants to access to most adequate and favorable financing.

I.9.1 Activities Completed during the Quarter

Two non-governmental organizations applied on the AgBiz RfP for AtF and good quality proposals were received. After a thorough review, the AgBiz committee selected the NGO Innovation Center to implement this component that will address issues of accessing finance of the firms and farmers in the PV and FF&V Value Chains. This will be done through utilization of the Macedonia Competitiveness Project (MCP) pool of Financial Consultants, educational events and dissemination of Access to Finance (AtF) information tools.

I.9.2 Activities Planned for the next Quarter

The following shows the Activities that will be initiated in the next quarter:

- Upgrade and adjust the Financial Platform Methodology to the specifics of AgBiz Value Chains of interest;
 - Develop AgBiz AtF toolkit;
 - Identify and recruited financial facilitators;
 - Conduct presentational sessions to FF in order to further build their capacity;
- Start helping companies from AgBiz VC to successfully access finance; and
- Match making event

I.10 PERFORMANCE MONITORING AND EVALUATION

I.10.1 Activities Completed during the Quarter

To meet the overall principles for the extension period, an extensive adaptation of the AgBiz PMP was performed during this Quarter:

- With concurrence provided by USAID's M&E and Project Development Specialist, the Results Framework identifying the hierarchy of anticipated results was established and the performance indicators were selected, including definitions, data sources and methods of collection, responsibilities and frequency of reporting;

- Input formats for Activities' implementation plan per Component, and projected impact on Indicators that were further appended to the RfPs were also prepared;
- Based on data obtained from the VC LFs, baseline and target values were set for indicators that will be measuring progress towards achieving incremental sales at farm-level and increased value and volume of sales disaggregated by domestic, regional and international markets;
- Target values for both output and outcome indicators for FY'12 and for the remaining of FY'13 were also set;
- Adaptation of the existing PMP including Performance Indicator Reference Sheet for each of the indicators and reporting procedures was initiated;
- As per COTR's recommendation, the format of the Quarterly Report was revised and updated; Development of the FY'11 Fourth Quarter and Annual Report was initiated.

I.10.2 Activities Planned for the Next Quarter

- Introduce the AgBiz M&E system and reporting procedures to the selected Lead Facilitators during the FY'12 Annual Work Plan Workshop;
- Finalize the adaptation of the PMP to be submitted to USAID for formal approval;
- Customize M&E forms (Questionnaires and Surveys, Activity Post-Evaluation Forms, Activity Implementation Plan, etc.) to be appended to the PMP and further presented to the LFs during the Award & Capacity Building Training that will be held by the end of October; and
- Develop matrices that will facilitate and assure proper implementation of data collection methodology, data quality assessment and reporting.

I.11 OUTREACH AND COMMUNICATION

I.11.1 Activities Completed during the Quarter

During this quarter, the following activities were completed under the outreach and communication section:

- Developed success story on Macedonian Vranec in the Swedish market ("Macedonian Wineries are Raising a Glass to Successful Entry into the Swedish Market"). *For more details, please see section 1.11.3 below;*
- Updated AgBiz Extension Program brochure;
- Provided monthly input on AgBiz activities for USAID's EG Office Events Calendar;
- Submitted a compilation of photos mirroring AgBiz work in the last two years to the HO Marketing and Communication Specialist;
- Organized venue for the workshop with the shortlisted VCLF potential bidders;
- Provided input for the design of USAID's media monitoring/media clipping report, to be used for the better Mission's communication strategy;
- Submitted the project message to USAID Development Outreach and Communication (DOC) Office, for the Administrators weekly;

In addition, during this quarter, AgBiz has initiated work on revision and update of the existing AgBiz web site to comply with the USAID regulations and standards. In this regard, we have conducted information meetings with three IT specialists, and through competitive procurement, have selected IT Specialist who will provide technical assistance for completion of this activity.

1.11.2 Activities Planned for the Next Quarter

- Identify and develop at least 3 success stories;
- Provide monthly input on AgBiz activities for the USAID's EG Office Events Calendar;
- Develop press clippings for the USAID DOC office and the next quarterly report;
- Follow up on the AgBiz web site revision and update by coordinating work of the IT Specialist;
- Presented the Outreach and Communication Plan to the selected Lead Facilitators at the FY'12 Annual Work Plan Workshop in Struga; and
- Present the outreach and communication activities, tools and requirements to the Lead Facilitators at the planned two-day workshop in Skopje, on October 26-27, 2011.

1.11.3 Success Story Developed during the Quarter



SUCCESS STORY

Macedonian Wineries are Raising a Glass to Successful Entry into the Swedish Market

AgBiz is supporting the Macedonian wine industry by providing capacity building and comprehensive competitiveness enhancement activities. AgBiz has facilitated joint presentations of Macedonian wines in various high potential markets by organizing specialized promotional events in Poland, Holland, the Czech Republic and via participation in the most relevant wine trade fairs such as ProWein Germany and the Moscow and London Wine Fairs.



Photo: AgBiz Program Staff

A representative of a Swedish wine distributor tasting Bovin wines during the promotional event at the Scandic Sergel Plaza Hotel in Stockholm

“Only through these types of serious marketing efforts and promotions we can convince SystemBolaget and Swedish importers of the quality of Macedonian wines, and interest them in importing our wines”, said Jani Bogeovski, Sales Manager at Bovin Winery

Sweden has one of the most regulated wine markets in Europe, if not in the world, due to the state monopoly in alcoholic drinks retailing. SystemBolaget is the only legal off-trade outlet for alcoholic drinks, and operates some 400 stores across the country. Its buying committee analyzes local and international trends and establishes the range of wines to be offered for sale. The 485 registered suppliers can then tender for procurement listings, but their wines face stringent quality checks before they are accepted. Swedish consumers are becoming more in favor of fruity, fresh and non barrique style wines, produced by modern technology. In the new tenders there is also a trend toward organic wines and unusual blends.

AgBiz and Macedonian wineries have identified this trend as a great opportunity to penetrate the Swedish market. Therefore, AgBiz supported Macedonian export ready wineries to contact the most relevant Swedish importers and monopoly representatives. In coordination with the Ministry of Agriculture, Forestry and Water Economy (MAFWE), the Macedonian Embassy and the Economic Promoter in Sweden, AgBiz facilitated a Macedonian Wine Tasting event that took place in Stockholm on 27th January at the Scandic Sergel Plaza Hotel. Ten Macedonian wineries promoted 70 wine labels to representatives of 20 of the biggest Swedish and Finnish wine importers and distributors. *“This was the very first successful and joint introduction of Macedonian wines in Sweden. I am sure that the cooperative efforts of this larger group of wineries will ultimately open the “gates” of SystemBolaget for Macedonian wines”,* said Jadranka Kimovska, the Commercial Manager at Stobi Winery. The wineries successfully faced the challenge and convinced SystemBolaget that Macedonian Vranec, with its intense dark red color, lovely blueberry fruit aromas and flavors, and pleasant black plum jam tone perfectly matches their criteria and complies with the taste of Swedish wine consumers.

In April, SystemBolaget announced that in their tender for 2012 they included demand for 20,000 bottles of Macedonian Vranec

at an expected shelf price of approximately 7 to 8.5 Euros. This opened the door for Macedonian wines in Sweden. Ultimately, good sales of these initial quantities would ensure that SystemBolaget will expand their imports of Macedonian wines.

AgBiz will facilitate follow up on the contacts established and encouraged the trade department of the Swedish Embassy in Macedonia to coordinate a visit of Swedish media representatives, including writers of wine magazines, to the wineries that participated in the promotional event help them tell the story of premium Macedonian wines to Swedish consumers.

2.0 FINANCIAL REPORT

The Fourth Quarter financial report is shown below. The report indicates that with the latest USAID approved Contract Modification the ceiling price of the Task Order was increased by \$2,439,367, from \$5,849,960 to \$8,289,327 and the Contract term was extended for 24 months.

Thus 73% of the program term is completed, 71% of the total budget has been invested. A new program budget was also approved and expenditures to date are consistent with plan.

CONTRACT No. EDH-I-03-05-00006-00

Macedonia AgBiz

Quarterly Report

CONTRACT EXPENDITURES through September 30, 2011

Category	Contract Budget	Incurred as of 6/30/2011	Quarterly Costs 7/1/11 - 9/30/11	Total Costs Accrued as of 9/30/11	Remaining
Total All Other Costs	\$ 7,478,638	\$ 5,062,655	\$ 127,908	\$ 5,190,563	\$ 2,288,075
Grants	\$ 465,024	\$ 465,024	\$ 0	\$ 465,024	\$ 0
SUB TOTAL CONTRACT COSTS	\$ 7,943,662	\$ 5,527,679	\$ 127,907	\$ 5,655,586	\$ 2,288,076
FEE	\$ 345,664	\$ 207,089	\$ 5,756	\$ 212,845	\$ 132,819
TOTAL CONTRACT COSTS	\$ 8,289,327	\$ 5,734,768	\$ 133,663	\$ 5,868,431	\$ 2,420,896

3.0 FY'11 AND LOP RESULTS SUMMARY

3.1 FY'11 PROGRAM RESULTS

FY '11 results are presented below in two formats - an overview of Program results in a narrative form, and a listing of FY'11 Activities (Table 1), Projects (Table 2) and Indicators (Table 3) in tabular form.

3.1.1 Competitiveness Enhancement Activities

During FY '11, AgBiz successfully implemented 39 pragmatic competitiveness enhancement Activities. With the aim to better enable agribusinesses to understand, identify and enter new export markets, AgBiz organized and supported 85 customers to participate in three regional and international trade fairs and eight study tours and B2B meetings. The participation of 12 customers in trade fairs (IndAgra Food Fair – Bucharest, Romania, Fruit Logistica – Berlin, Germany and BeoWine Fair – Belgrade, Serbia) and 73 customers sent on study tours, promotional events and B2Bs in Poland, Netherlands, Ukraine, Kosovo, Sweden, Germany and the Czech Republic proved to be very efficient tools for expanding export business contacts. The interest expressed by 43 regional and international buyers for Macedonian fresh produce, wine and processed vegetables products led to receiving orders of more than \$3.8 million.

In addition, to increase production and export competitiveness of value added Victoria table grapes on international markets; a pilot project on improving pre-harvest operations was successfully implemented. At the end of the season, 450 tons of high quality table grapes were harvested. Almost 95% of the table grapes were of consistent and high quality, and met European standards. The technology that was proposed for the trials was based on technologies observed during the study tours to the University of California (UC) Davis California and to South Africa. Given that storage techniques for fresh fruits, vegetables and grapes are an important component of export competitiveness, the knowledge on pre- and postharvest technologies and management practices gained during these study tours was later integrated in a Post-Harvest Handling (PHH) Manual. To further stimulate Macedonian FF&V producers and exporters to apply the recommendations assembled in the manual, brochures for ten selected commodities were additionally developed and disseminated as inserts into the monthly edition of “Moja Zemja” agriculture magazine. Beside the inserts, electronic versions were posted on AgBiz', Federation of Farmers of Republic of Macedonia's and Ministry of Agriculture's web sites. Advanced post-harvest handling technologies were also presented by a regional expert during a Workshop and later lessons learned were disseminated to Producer Organization (POs) and individual farmers. AgBiz has also supported five Macedonian FF&V exporters to participate in a study tour to achieve a better understanding of the modern post-harvest practices, techniques and technologies that their counterparts in Israel are utilizing in their operations.

Beside the Workshop on “Transferring Post-Harvest Handling Technology for FF&V to Agribusinesses, Associations and POs”, over 180 participants attended an additional three Workshops where Macedonian agribusinesses were trained how to utilize the “On-line Registration of Employees System”, “Innovative Ways of Financing” were presented to wineries and “Energy Efficiency and Renewable Sources of Energy” were introduced to Macedonian agribusiness. In addition, AgBiz facilitated organization of the Round-table on Export Challenges (with USAID/IDEAS) and helped Regional Competitiveness Initiative to organize a

regional conference on Integrated Pest Management to protect tomatoes and peppers from new invasive species in the Balkan region: *Tuta absoluta* and *Bemisia tabaci* that are causing a serious decrease in tomato yields.

3.1.2 Business Expansion Projects

In early 2011, (when official financial statements submitted to the Public Revenue Office for Calendar Year 2010 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 48% over the baseline or more than Euro 4.3 million (or \$5.6 million). As a result of business expansion Projects, the “Value of Exports” increased by around Euro 7 million (or \$9 million), while “Total Sales” increased by 27% or around Euro 9.6 (\$12.4 million). Over 42,400 “Rural Households Directly Benefited from Interventions,” and 637 new FTE jobs were created - 41% 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 2010, 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 16.8 US\$ invested by Companies for every 1 US\$ from AgBiz invested in Projects.

3.1.3 Enhanced Access to Finance

AgBiz continued its close financing facilitation relationship with the private sector and financial institutions. During the workshop on environmental legal obligation of companies and utilization of Renewable Energy Sources in Agriculture attended by over 30 customers, Ohridska Bank presented appropriate agribusiness finance products and particularly the so called “green” loans related to investments in environmental protection and energy saving. These newly available loans are intended to help agribusinesses and smaller farmers improve productivity through introduction of energy efficient measures, solely through the bank or jointly with appropriate EU funding instruments.

AgBiz has also provided detailed improved access to finance assistance during FY '11 by helping 12 companies to identify the most appropriate sources of finance and the most reasonable financing products for their circumstances. Companies were assisted to develop application for loans, leases, equity or other types of financing and they applied for around \$300,000 in loans.

In addition, a study tour to Bulgaria was organized where representatives of Macedonian Commercial Banks gained an experience related to the services provided by Bulgarian banks and efficient use of the available European funds.

3.1.4 Policy Reform

In FY '11 AgBiz remained focused on identification and prioritization of Policy and Institutional Reform needs. AgBiz identified 12 policy and institutional constraints impeding the competitiveness of the three value chains supported by the program and implemented several Activities related to addressing PIRNs. Assessments of “GoM Subsidies and their impact on the export competitiveness of AgBiz-supported VCs”, “Potential and challenges for developing POs in Macedonia with Recommendations for AgBiz support” and “Impact of Government Legislation regarding mandatory buyout contracting for FF&V products” were completed and AgBiz has organized a Public-Private Dialog to address the findings identified.

In addition, an expert was engaged to assess the “Correlation between the productivity of primary producers and agribusiness export performance”. This study covered broad aspects of primary agricultural production and proposed specific interventions that small scale farmers can implement to achieve an optimal role in enhancing the export competitiveness of tomatoes and peppers (both for fresh consumption and the processing industry) and table grapes.

An additional PIRN regarding the slow and inefficient process for establishing a Rural Development Council identified and addressed during FY’10 was addressed. According to the Agriculture and Rural Development Law (Article 18) for the purpose of planning, implementation and monitoring of national agricultural policies, MAFWE was supposed to establish partnerships with agriculture and rural development council, sub-sector working groups and the inter-ministerial body for rural development. The main function of these entities was to have direct and continuous contact with the private sector, meet regularly, discuss the existing situation and shortcomings and propose to MAFWE corrective measures. MAP members were assisted to intensify communication with MAFWE and foster the process of establishing the council. During the FY’11 last Quarter, MAP received a notification from MAFWE informing them that the Association as a representative of the processing industry is selected to become a member of the working group. This will facilitate a direct and continuous dialogue between the business community and MAFWE officials.

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.

3.1.5 Other Outputs

Progress on indicator achievements for FY’11 can be found in the Table 3 in Section 3.2.3 below.

380 agribusinesses received assistance out of which 109 were new customers that benefited from the highly-integrated and comprehensive activities implemented during FY ’11. One Trade Association and 8 Producer Organizations that were not previously assisted directly benefited from Program interventions.

A range of marketing and competitiveness enhancement training was delivered to 986 individuals. Customers invested around \$330,000 in, and AgBiz contributed around 27% of total Activity investments. The awareness of US Government assistance was increased by publishing/releasing 10 success stories and 30 media exposures in FY 2011.

3.1.6 Most Significant FY ’11 Accomplishments

- Made good progress on developing sustainable trade associations that can continue AgBiz-type work as legacy institutions, including:
 - 1) Significant support to MAP’s sustainability by giving them responsibility for coordinating AgBiz processed vegetables work;
 - 2) Macedonian Agro Exporters Association’s (MAEA) efforts to define its mission and vision, distinctive competences, key strategic objectives and course of actions needed to accelerate the development were supported by facilitating the development of a MAEA Five Year Strategy, and an Action Plan for Year One and
 - 3) Support to Wines of Macedonia (WoM) Association by costs sharing an Administrative Assistant and office to increase its capacity and achieve functional level to represent the common interests of its members, provide strategic support including - developing the wine and viticulture industry, increasing exports of both bottled and bulk wines, building umbrella recognition of Macedonian wines in regional and international markets, and being an industry advocate in front of the GoM and other relevant institutions.

- Finalized the Wine Sector Industry Performance Survey that provided a comprehensive and relevant industry data base, thus enabling a serious and more analytical approach to production, planning and overall development of the VC;
- Significant improvement to program customers' awareness of potential new buyers' requirements in the more advanced export markets due to participation in trade fairs, study tours, B2B Meetings and Promotional events; helped customers obtain around \$3.8 million in new orders.

3.2 ACTIVITES, PROJECTS AND PERFORMANCE INDICATORS SUMMARY

3.2.1 FY '11 Activities

Table 1 below lists the Activities implemented in FY '11 disaggregated by Area of Focus.

In FY '11, 51 Activity Concepts were reviewed and twelve were dropped. Thirty-nine Activities with a total cost of over around \$0.5 million were completed and the AgBiz cost of these activities was 27%. A total of 29 agreements, including Subcontracts, Consultant Agreements, MoUs and LoIs were signed, all with Macedonian companies or individuals.

The technical assistance provided to our customers was very highly rated by the beneficiaries. Activity participants were asked to fill out a Post Evaluation Form and the average customer satisfaction score for Activities implemented in FY '11 was 4.7 on a five-point scale

TABLE I. FY'11 IMPLEMENTED ACTIVITIES

COMPLETED

MIS Code	ACTIVITY	PARTNERS	ACTIVITY COST (US\$)			# of Producer Organization / Business Assos. that received assistance	# of Agribusiness firms that received assistance	Value of new orders (in EUR)	# of New Customers	# Individuals Received Assistance (evaluation score)	
			TOTAL	AGBIZ	AgBiz Percentage					TOTAL	Average score
142	Workshop on Transferring Post-Harvest Handling Technology for FF&V to Agribusinesses, Associations and POs		5.569	4.069	73 %	0	13	0	0	18	0,00
234	Study Tour to Israel for Modern Post-harvest Handling Capacity Building and Establishing Linkages with Israeli Companies	MASH AV	19.379	4.413	23 %	1	5	0	0	6	4,65
322	Fruit Logistica 2011		42.379	7.631	18 %	1	4	1.900.000	26	10	4,48
871	Production of value added Viktorija Table Grape for International Market		33.181	5.181	16 %	1	5	0	0	26	0,00
879	Supporting MAEA to develop Five Year Strategy and Action Plan for the First Year		8.848	5.948	67 %	1	0	0	0	15	0,00
884	Pre & Postharvest Handling Technology Manuel for Horticultural Crops	FFRM	3.101	3.101	100 %	2	8	0	0	20	0,00
	Fresh Fruits and Vegetables Area of Focus Subtotal:		112.457	30.343	27 %	6	35	1.900.000	26	95	4,57
236	PV VC Members Study Tour and Promotional Event in Ukraine		12.157	4.584	38 %	0	7	0	0	7	4,84
240	PV VC members study tour and B2B meetings in Germany		9.894	1.755	18 %	0	5	105.000	1	5	4,92
321	IndAgra Food Fair 2010		17.632	5.472	31 %	0	5	100.000	3	5	4,40
885	Processed Vegetable Value Chain Management & Support		9.636	9.636	100 %	0	0	0	0	0	0,00
893	Survey on the Performance of the F&V Processing Industry in 2010		5.664	2.164	38 %	0	44	0	0	99	0,00
	Processed Vegetables Area of Focus Subtotal:		54.983	23.611	43 %	0	61	205.000	4	116	4,72
233	Road-show of Macedonian Wines to Poland and Netherlands and a Buyers' Mission to Macedonia	CBI	87.481	17.843	20 %	0	10	58.000	3	20	4,68
239	Wine VC Members Study Tour and Promotional Event in Sweden	MAFWE	49.602	4.879	10 %	0	10	13.000	4	20	4,54
241	Wine Road-show Presentations of Macedonian Wineries in Poland and Czech Republic	CBI	38.112	1.788	5 %	0	5	0	0	7	4,95
323	International BeoWine Fair and Promoton of Macedonian Wines in Serbia		10.963	3.282	30 %	0	3	29.500	2	8	4,63
873	Poland and Holland follow up Buying Mission in MK with CBI	CBI	0	0	0 %	0	12	0	0	22	0,00
876	Support the WoM Association to Acquire Relevant Market Information by Obtaining Euromonitor's "Passport" Package		8.835	4.870	55 %	1	7	0	0	77	0,00
877	Wine industry performance survey 2009		5.046	3.146	62 %	1	0	0	0	0	0,00
890	Support to WoM Association by Costs Sharing for an Administrative Assistant and Office	WoM	3.515	2.005	57 %	0	51	0	0	51	0,00
895	Wines of Macedonia Operational Plan for 2011		2.000	0	0 %	1	7	0	0	7	0,00
896	Opportunities for Joint Bottle and other Inputs Supply		0	0	0 %	1	7	0	0	7	0,00
897	Genetic Potential and Genesis of Indigenous Varieties in Macedonia		1.500	0	0 %	1	7	0	0	7	0,00
898	Identifying Appellation of Origin		3.000	0	0 %	1	7	0	0	7	0,00
	Wine Area of Focus Subtotal:		210.054	37.813	18 %	6	126	100.500	9	233	4,70

TABLE I. FY'11 IMPLEMENTED ACTIVITIES

140	Follow up on Contract Farming Assessment - Public-Private Dialog to Address the Findings of the Assessment		0	0	0 %	3	3	0	0	13	0,00
145	Round-table on Challenges Export	IDEAS	800	0	0 %	0	5	0	0	18	0,00
146	Integrated Pest Management Training	RCI	12.600	0	0 %	0	2	0	0	18	0,00
230	CEFTA Conference and B2B Meetings between Exporters and Importers from Macedonia and SEE Countries	MAFW E; SWG	11.151	1.146	10 %	1	18	550.000	4	84	0,00
237	Facilitation of Exports to Kosovo and Bilateral B2B Meetings	OBCK	1.382	682	49 %	0	6	0	0	6	4,71
875	Assessment of the Impact government subsidy program on export competitiveness of Macedonian agribusiness		5.517	5.517	100 %	0	0	0	0	0	0,00
	Policy and Institutional Reform Need Area of Focus Subtotal:		31.450	7.345	23 %	4	34	550.000	4	139	4,71
137	Workshop to Present Innovative Ways of Financing to Wineries	MBDP	1.418	819	58 %	0	10	0	0	14	0,00
222	IPARD Study Tour in Bulgaria for Banks Representatives		7.087	5.459	77 %	0	4	0	5	5	0,00
	Access to Finance Area of Focus Subtotal:		8.505	6.278	74 %	0	14	0	5	19	0,00
878	Assessment of the Impact on AgBiz Supported VC Participants of New Government Legislation Concerning Mandatory Buyout Contracting		4.550	2.750	60 %	0	0	0	0	0	0,00
887	Develop a Feasibility Study and Business Plan for an Association/Producer Organization Management Entity		300	0	0 %	0	15	0	0	17	0,00
888	Assessment of the Potential and Challenges for Developing Producer Organizations in Macedonia with Recommendations for AgBiz Support	SNV	2.774	1.774	64 %	5	6	0	0	17	0,00
891	Contract Farming Regional Lessons Learned and Best Practices		6.285	4.785	76 %	4	12	0	0	27	0,00
892	Assessment of Correlation between the Agricultural Productivity of Primary Producers and Agribusiness Export Performance		5.257	5.257	100 %	0	0	0	0	0	0,00
	Horizontal and Vertical Linkages Area of Focus Subtotal:		19.166	14.566	76 %	9	33	0	0	61	0,00
135	Support Macedonian Agribusinesses to Utilize the On-line Registration of Employees System	e-Gov	2.500	0	0 %	6	23	0	0	70	0,00
141	Workshop on Introducing Energy Efficiency and Renewable Sources of Energy for Macedonian Agribusinesses	CePro Sard; Ohridska Bank	594	194	33 %	0	22	0	0	30	0,00
882	Transfer Post-Harvest Handling Technology for Selected Agriculture Commodities to PO, Farmers, and Agribusinesses through Moja Zemja	FFRM	10.339	2.039	20 %	1	31	0	0	223	0,00
	Market Information/Environment/Outreach Area of Focus Subtotal:		13.433	2.233	17 %	7	76	0	0	323	0,00
	TOTAL		450.048	122.189	27 %	32	379	2.755.500	48	986	4,68
DROPPED											
238	Wine VC Members Study Tour and Promotional Event in Ukraine										
139	FDA application and registration workshop										
889	Support to Shumski Plod Ass. by costs sharing for a professional management and office										

TABLE I. FY'11 IMPLEMENTED ACTIVITIES

143	Wine Grape Demand & Supply Conference
894	Support in Establishing a Joint Brand/Export Company
144	Participation on EU Vegetable Processors Conference
886	Support to MAEA by costs sharing for a professional management and office
138	GlobalGAP group certification overview training for the MAEA members and FF&V VC participants
235	B2B and Promotion of Macedonian Fresh Fruits and Vegetables in Austria
134	OIV Wine Marketing Program at UC Davis
231	Modern Post Harvest Handling Technology Capacity Building and Establishing Market Linkages with Serbian Buyers
883	Develop a Website for MAEA

3.2.2 CY '10 and CY'11 First Quarter Projects

Table 2 lists the cumulative results achieved by selected Projects through March, 2011 accomplished with an AgBiz cost of less than \$470,000.

TABLE 2. PROJECT STATUS REPORT								
				Cumulative Results Achieved thru March 31, 2011				
PROJECT #	CUSTOMER	CUSTOMER INVESTMENT (US\$)	AGBIZ (%)	TOTAL SALES GROWTH (EUR)	EXPORT SALES GROWTH (EUR)	INCREASED RAW MATERIAL PURCHASES (EUR)	RURAL HOUSEHOLDS BENEFITED	INCREASED EMPLOYMENT
2	Agros 2004	69.059	56%	278.192	110.359	80.091	761	3
3	Badzo	42.752	65%	957.099	906.947	1.265.839	711	36
13	GD Tikves	180.500	16%	1.281.301	708.130	97.561	1.735	104
16	Ledra Agro	150.001	11%	449.746	251.872	94.829	219	-13
18	Peca Komerc	150.146	20%	1.563.563	1.463.679	992.172	4.063	12
10	Agrohemiija	2.046.198	1%	1.573.118	1.297.605	473.431	49	17
FRESH FRUITS AND VEGETABLES VC SUBTOTAL		2.638.656	7%	6.103.018	4.738.592	3.003.923	7.537	159
1	Vipro	429.566	5%	801.953	539.514	20.235	1.165	13
4	Avto Ria Doel	106.898	19%	293.154	310.458	223.577	262	11
5	Bonum Plus	2.026.120	2%	-778.684	-460.841	97.153	1.070	52
6	Dentina	147.394	24%	870.193	815.860	189.893	410	43
8	Lars	183.428	10%	340.813	427.122	89.431	622	2
PROCESSED VEGETABLES VC SUBTOTAL		2.893.406	5%	1.527.430	1.632.113	620.290	3.529	121
7	Kokolanski	35.380	20%	-43.218	-49.260	-8.832	281	-1
12	Flores	110.940	12%	-1.175.679	-1.193.620	-393.380	6.603	27
14	Inter-Mak	510.600	4%	412.208	-28.526	396.767	2.801	9
15	Koro	108.000	11%	638.116	490.096	200.010	12.372	7
19	Vigan	350.000	4%	252.042	156.458	105.928	4.879	31
WILD GATHERED PRODUCTS VC SUBTOTAL		1.114.920	6%	83.469	-624.852	300.493	26.935	73
11	Bovin	277.665	7%	287.464	40.002	-9.143	314	12
17	Valandovo Winery	361.362	6%	353.119	381.677	2.878	1.774	194
9	Popova Kula	169.468	22%	254.088	184.439	-60.163	280	48
20	Agrolozar/Dalvina	476.466	4%	950.732	614.959	463.415	233	31
WINE VC SUBTOTAL		1.284.961	8%	1.845.404	1.221.077	396.987	2.601	285
GRAND TOTAL		7.931.943	6%	9.559.321	6.966.930	4.321.693	40.602	637

3.2.3 FY '11 Indicators

Table 3 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 '11.

As can be noted by the Performance column, almost 60% of these indicators are on schedule or overachieved, while over 20% have been 80–90% achieved.

TABLE 3. FY'11 INDICATORS ACHIEVEMENTS

INDICATORS	FY to Date	Fiscal Year 2011 Objective (Oct 1, 2010 – Jun 18, 2011)	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	2.951.500	2.810.000	105%
1.12 Number of new customers from Trade Fairs, B2B Meetings and Fast Track Projects	43	31	139%
2. Increased Coverage and Assistance to Value Chain Participants			
2.1 Number of Producer Organizations receiving assistance	8	8	100%
2.3 Number of Agriculture-related Firms receiving assistance	109	117	93%
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	688	796	86%
3.2 Number of female individuals who have received short-term agriculture or agribusiness productivity enhancement training	298	250	119%
4. Value of Investment Stimulated and Leveraging Achieved			
4.1 Value of customer investment stimulated (000US\$)	328.309	232.000	142%
4.2 Value of third party domestic investment stimulated (000US\$)	0,00	0,00	N/A
4.3 Value of total domestic investment stimulated (000US\$)	328.309	232.000	142%
4.4 Value of foreign direct investment stimulated (000US\$)	0,00	0,00	N/A
4.5 Leveraging Achieved by AgBiz (%)	27 %	26 %	96 %
5. Increased Access to Finance			
5.1. Value of customer financing (potential loans) identified (000US\$)	271.000	250.000	108%
5.2. Number of new customers provided access to finance assistance	12	11	109%
7. Policy and Institutional Reform			
7.1. Number of policy and institutional constraints identified and prioritized	12	21	57%
8. Outreach			
8.1. Number of Success Stories produced and published	10	14	71%
8.2. Number of media exposures (TV, Radio and Newspaper)	30	22	136%

3.3 LOP PROGRAM RESULTS

Details on AgBiz results achieved during the last 52 months of implementation are presented below:

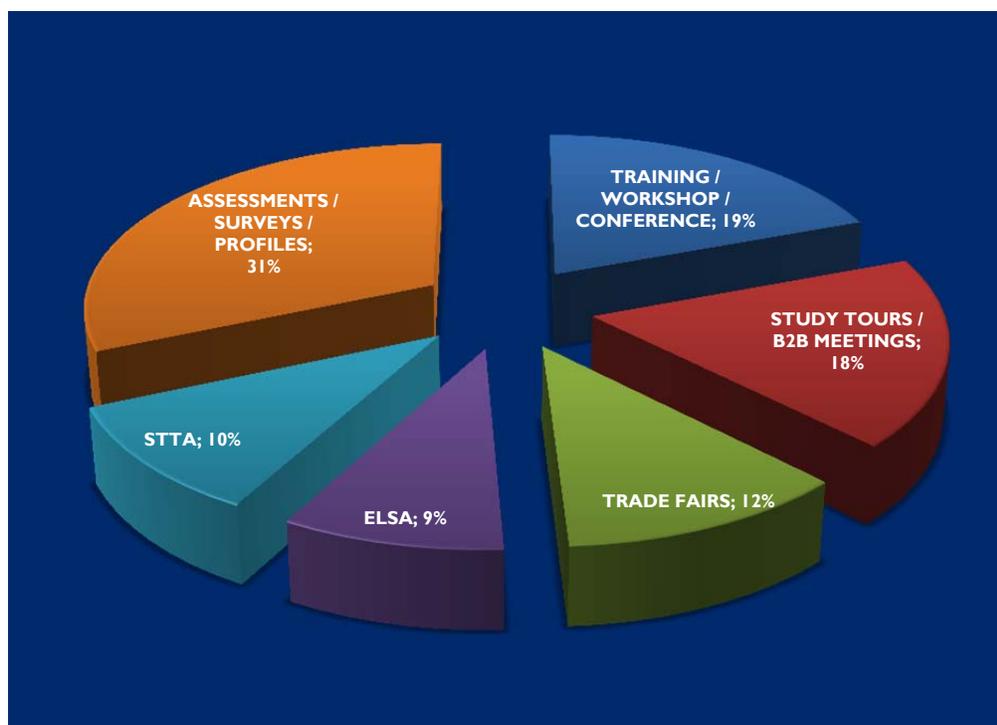
3.3.1 Activities

LoP (to the end of FY'11), AgBiz had received, developed internally and reviewed 235 value chain competitiveness enhancement Activity Concepts. One hundred and eighty-one of these potential Activities were prioritized as relevant to AgBiz objectives and were developed and completed by the end of FY '11.

These Activities included support for participation in trade fairs, study tours, B2B meetings and promotional events where the participants received orders worth around \$20 million.

As a result, 330 (1,320 counting multiple participation) agribusinesses received direct technical assistance, and 2,493 of our customers' employees received short-term training. AgBiz provided direct funding to Activities totaling over \$1.2 million, and 60% of total Activity costs were contributed by participants, resulting in very good leveraging of USAID resources. AgBiz expenditures by type of assistance provided to VCs participants are shown below in Graphic 1.

GRAPHIC 1. LoP EXPENDITURES BY ACTIVITY TYPE



3.3.2 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 involved 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 and developed forty

integrated environment-related assessments including: 28 Environmental Due Diligence (EDD) and Pollution Prevention Assessments (PPA), eight Cleaner Production Assessments (CPA), two Asbestos Health and Safety Plans (AH&SP), and three Program level Pesticide Safe Use Action Plan (PERSUAP). 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 less than \$470,000 to Projects, and customers have contributed \$7,931,943, for an excellent USAID/AgBiz resources leveraging of 1:16.8.

3.3.3 Enhanced Access to Finance

By the end of FY '11, 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 \$7.5 million of financing opportunities were identified for 52 customers.

3.3.4 Policy Reform

The primary LoP (by the end of FY '11) focus of AgBiz PIR work was the identification and prioritization of PIRNs based on work done in the value chains supported by the Program. To date, AgBiz has identified 34 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 caused 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 contributed to solve the issues concerning wine Appellation of Origin. In cooperation with Confederation of Employers of Republic of Macedonia (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.

3.3.5 Other Outputs

Progress on indicator achievements for LoP to the end of FY '11 can be found in the Table 4 below. Over the LoP, 330 different agribusinesses received assistance and 2,493 individuals received some type of training. The program successfully stimulated around \$9.8 million of investments from the customers, and AgBiz contributed 15% of total investments. Forty seven success stories and 173 media inserts have been placed.

3.3.6 LoP Indicators Achievements

Table 4 lists the quarterly output indicators achieved from Activities for the Program LoP, i.e., to the end of FY '11. As can be noted, nearly all of these indicators have been overachieved, and all others have been 80–90% achieved.

TABLE 4. FY'11 and LoP INDICATOR ACHIEVEMENTS

INDICATORS	PAST PERFORMANCE (Through September 30, 2010)	FY'11 RESULTS (Achieved through June 18, 2011)	LoP RESULTS (Achieved through June 18, 2011)	LOP OBJECTIVES (Through June 18, 2011)	PERFORMANCE (in %)
I. Increased Raw Material Production and Products Marketing					
I.11 Value of new orders (in 000 Euros) from Trade	12,413,970	2,951,500	15,365,470	15,223,970	101%

TABLE 4. FY'11 and LoP INDICATOR ACHIEVEMENTS

INDICATORS	PAST PERFORMANCE (Through September 30, 2010)	FY'11 RESULTS (Achieved through June 18, 2011)	LoP RESULTS (Achieved through June 18, 2011)	LOP OBJECTIVES (Through June 18, 2011)	PERFORMANCE (in %)
Fairs, B2B Meetings and Fast Track Projects					
1.12 Number of new customers from Trade Fairs, B2B Meetings and Fast Track Projects	388	43	431	419	103%
2. Increased Coverage and Assistance to Value Chain Participants					
2.1 Number of Producer Organizations receiving assistance	26	8	34	34	100%
2.3 Number of Agriculture-related Firms receiving assistance	221	109	330	338	98%
2.4 Number of Trade and Business Associations receiving assistance	4	1	5	6	83%
3. Building Human Capacity					
3.1 Number of male individuals who have received short-term agriculture or agribusiness productivity enhancement training	1,167	688	1,855	1,963	94%
3.2 Number of female individuals who have received short-term agriculture or agribusiness productivity enhancement training	340	298	638	590	108%
4. Value of Investment Stimulated and Leveraging Achieved					
4.1 Value of customer investment stimulated (000US\$)	9,467,658	328,309	9,795,967	9,699,658	101%
4.2 Value of third party domestic investment stimulated (000US\$)	0,00	0,00	0,00	0,00	N/A
4.3 Value of total domestic investment stimulated (000US\$)	9,467,658	328,309	9,795,967	9,699,658	101%
4.4 Value of foreign direct investment stimulated (000US\$)	0,00	0,00	0,00	0,00	N/A
4.5 Leveraging Achieved by AgBiz (%)	14 %	27 %	15 %	15 %	100%
5. Increased Access to Finance					
5.1. Value of customer financing (potential loans) identified (000US\$)	7,183,720	271,000	7,454,720	7,433,720	100%
5.2. Number of new customers provided access to finance assistance	40	12	52	51	102%
7. Policy and Institutional Reform					
7.1. Number of policy and institutional constraints identified and prioritized	22	12	34	43	79%
8. Outreach					
8.1. Number of Success Stories produced and published	38	10	48	52	92%
8.2. Number of media exposures (TV, Radio and Newspaper)	143	30	173	165	105%

The standard result-oriented Indicators that are reported on a Calendar Year basis are shown in Table 5 below. The first two columns present the cumulative results achieved till the end of CY '10 (December, 31, 2010) and the additional results achieved during the period from January to March, 2011. The following columns summarize the cumulative results achieved in the last four years, compared to the LoP Objectives.

At the end of Second FY'11 Quarter we collected and assured data quality for the indicator performance of the twenty grantee Projects that are the source for measuring “Increased Raw Material Production and Products Marketing” and “Increased Employment” and percentage increases. In addition, data was obtained for the first CY'11 quarter and incorporated in the LoP results.

Due to the global economic slowdown significantly reduced orders from foreign buyers were experienced in 2009. Thus, some AgBiz Project customers redirected their projections for regional exports into the national market and their international sales to regional markets, resulting in reduced projected international and regional sales and increased domestic sales respectively. Considering this trend and customers’ conservative projections, AgBiz revised the Objectives for 2010. However during 2010 the international markets’ demand

for Macedonian fresh produce increased from what was originally projected. It increased due to the Poland flood crisis that reduced Polish fresh produce's quality and quantities, and Ukraine's ban on tomato imports from Turkey, due to the spread of the 'tuta absoluta' tomato moth in tomatoes cultivated in Antalya. In addition, the AgBiz supported participation of Badzo and Agrohemija in Fruit Logistica and World Food Moscow where they successfully promoted their fresh produce and established new contacts, resulted in increased sales at more profitable international markets.

In addition, as international markets recovered from the global economic slowdown, WGP companies managed to re-establish their contacts and penetrate in other markets as well, selling most of their inventory. Benefiting from AgBiz support for organic certification, Koro successfully penetrated the Danish market.

In general, according to the National State Statistical Office last year was one of the most successful years for Macedonia's agriculture-food sector, with the largest export registered in the past two decades. Aside from the tobacco, vegetables (primarily tomatoes, pepper and cabbage) and fruits (primarily apples, grapes and melons) reached highest export. Moreover, significant export was also registered in the sector of wine and bottled wine, processed vegetables, processed meat and confectionery products.

At the end of the reporting period, the "Value of Purchases of Raw Materials made from Smallholder Producers" increased by 48%, or over EUR 4.3 million (US\$5.6 million). As a result of the business expansion Projects, the "Value of Exports" increased by almost EUR 7 million (US \$9 million), while "Total Sales" increased by 27% or around EUR 9.6 million (US \$12.4 million). Around 42,460 "Rural Households Directly Benefited from Interventions" and 637 new FTE jobs were created or on average 41% more than the baseline.

TABLE 5. CALENDAR YEAR '10; CY '11 FIRST QUARTER (Jan - Mar) and LoP RESULTS ACHIEVED

INDICATORS	CY 10 CUMULATIVE RESULTS	ADDITIONAL RESULTS	CUMULATIVE LoP RESULTS	CUMULATIVE LoP OBJECTIVES	PERFORMANCE
	(thru Dec. 31, 2010)	(Achieved Jan Mar, 2011)	(thru Mar. 31, 2011)	(thru Program End June 18, 2011)	(in %)
1. Increased Production and Marketing					
1.1. Increased value (in Euros) of purchases of raw materials made from small holder producers	4,379,684	-57,991	4,321,693	4,020,021	108%
1.2. Percentage increase in the value of purchases of raw materials made from small holders producers	54%	-6%	48%	44%	109%
1.3. Increased value (in Euros) of sales into national market by customers	2,704,065	-111,674	2,592,391	2,559,580	101%
1.4. Percentage increase of sales into national market	50%	-9%	44%	47%	94%
1.5. Increased value (in Euros) of intra-regional exports by customers	3,811,191	-16,407	3,794,784	5,125,395	74%
1.6. Percentage increase of intra-regional exports by customers	28%	-1%	25%	32%	78%
1.7. Increased value (in Euros) of international exports	2,808,209	363,936	3,172,146	539,807	588%
1.8. Percentage increase of international exports by customers	14%	42%	26%	5%	520%
1.9. Increased value (in Euros) of total sales by assisted customers	9,323,466	235,856	9,559,322	8,224,782	116%
1.10. Percentage increase of total sales by assisted customers	27%	7%	27%	25%	108%
2. Increased Coverage of AgBiz Customers					
2.2. Number of rural households directly benefiting from interventions	40,538	1,920	42,458	39,907	106%
6. Increased Employment					

TABLE 5. CALENDAR YEAR '10; CY '11 FIRST QUARTER (Jan - Mar) and LoP RESULTS ACHIEVED

INDICATORS	CY 10 CUMULATIVE RESULTS	ADDITIONAL RESULTS	CUMULATIVE LoP RESULTS	CUMULATIVE LoP OBJECTIVES	PERFORMANCE
	(thru Dec. 31, 2010)	(Achieved Jan Mar, 2011)	(thru Mar. 31, 2011)	(thru Program End June 18, 2011)	(in %)
I. Increased Production and Marketing					
6.1. Number of equivalent male jobs created by supported customers	412	39	451	403	112%
6.2. Number of equivalent female jobs created by supported customers	177	9	186	137	136%
6.3. Percentage increase in full time equivalent (FTE) jobs by supported customers	43%	5%	41%	39%	105%

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