



USAID | **MACEDONIA**
FROM THE AMERICAN PEOPLE

AGBIZ PROGRAM

FIRST FISCAL QUARTER REPORT 2012
OCTOBER-DECEMBER 2011

JANUARY 2012

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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

AFSARD	Agency for Financial Support in Agriculture and Rural Development
ARD	Associates in Rural Development
AtF	Access to Finance
B2B	Business to Business
BSP	Business Service Provider
CBI	Dutch Centre for the Promotion of Imports from Developing Countries
CEFTA	Central European Free Trade Agreement
CeProSARD	Center for Promotion of Sustainable Agriculture and Rural Development
CFR	Code of Federal Regulations
CO	Contracting Officer
CoP	Chief of Party
COTR	Contracting Officer's Technical Representative
CY	Calendar Year
DANIDA	Danish International Development Agency
DAPA	Department for Agriculture Policy Analysis
DCoP	Deputy Chief of Party
DOC	Development Outreach and Communication
EG	Economic Growth
ERP	Enterprise Resource Planning
EU	European Union
FAO	Food and Agriculture Organization
FF	Financial Facilitators
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FG	Focus Group
FY	Fiscal Year
GoM	Government of Macedonia
HACCP	Hazard Analyses and Critical Control Points
HORECA	Hotel/Restaurant/Café
IC	Innovation Center
IDEAS	Investment Development and Export Advancement Support/USAID funded
IFS	International Food Standard
IM	Invest Macedonia
IPARD	Instrument for Pre-Accession Assistance for Rural Development
ISC	Integrated Supply Chain
ISO	International Organization for Standardization
JSP	Judicial Strengthening Project
LF	Lead Facilitator
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
MoE	Ministry of Economy
MoU	Memoranda of Understanding
N/A	Not/Applicable
NARDS	National Agriculture and Rural Development Strategy
NEA	National Extension Agency
NGO	Non-Government Institution

PERSUAP	Program level Pesticide Safe Use Action Plan
PG	Producer Group
PGI	Protected Geographic Indication
PDO	Protected Designation Origin
PHT	Post-Harvest Training
PIRN	Policy and Institutional Reform Need
PMP	Performance Monitoring Plan
PO	Producer Organization
PPD	Public Private Dialogue
PV	Processed Vegetables
QR	Quarterly Report
RCI	Regional Competitiveness Initiative
RCO	Regional Contracting Officer
RfA	Request for Approval
SoW	Statement of Work
STTA	Short-term Technical Assistance
TtARD	Tetra Tech Associates in Rural Development
UC	University of California
US	United States
USAID	United States Agency for International Development
VAT	Value Added Tax
VC	Value Chain
VCLF	Value Chain Lead Facilitator

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, \$2.44 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.

Invest Macedonia (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

Program Development: This Quarter (October- December 2011) represented a start- up period of the Lead Facilitators (LF) work under annual Subcontracts with AgBiz. The focus was primarily on establishing formal contracts, budget and mechanisms for LFs to implement AgBiz Activities under the mentoring and guidance of AgBiz staff. During the Quarter Subcontracts with four Lead Facilitators were signed and a Memoranda of Understanding (MoU) with Ministry of Agriculture, Forestry and Water Economy (MAFWE) for the activities under the Special Opportunity Fund (SOF). In addition, AgBiz conducted a two day Capacity Building Workshop in order to equip key staff of the LFs with whom Tetra Tech Associates in Rural Development (TtARD) subcontracts with the knowledge, skills, and template documents needed to properly implement United States Agency for International Development (USAID) subcontracts, and follow the established procurement procedures. A Handbook has been written and designed as a guide to local Business Service Providers (BSPs) and AgBiz Lead Facilitators to help them establish and follow standardized management practices in line with USAID rules and regulations.

Increased Domestic and Export Sales and Improved Competitiveness and Productivity: Immediately after subcontracting the Lead Facilitators the Program started implementing a series of activities focused on contributing towards two main program intermediate results (1.1) Increased Domestic and Export Sales and (1.2) Improved Competitiveness and Productivity of targeted FF&V and PV Value Chain Participants. During this first quarter of AgBiz Extension, both VC Lead Facilitators engaged, implemented four value chain upgrading activities that have directly resulted in greater capacity of LAs and their integrated supply chain farmers to improve production technology, better utilization of post-harvest handling processes, understanding of market demand and product specifics, link with potential relevant buyers ultimately leading to greater domestic and export sales and increased incomes for all participants in the FF&V and PV value chains.

Increased Productivity, Competitiveness and Sales for Fresh Fruit and Vegetables Value Chain: The FF&V VC, the single most important agricultural sub- sector, is facing challenges requiring immediate turnaround actions in order to sustain (and even more to improve) its position on the regional and international markets.

During this quarter EpiCenter as FF&V lead facilitator initiated development of comprehensive targeted VC Baseline Screenings that, once finalized, will provide valuable information including relevant data and analysis of the domestic primary production characteristics for all VC stakeholders and allow optimized decision making in the development of further policy and export sales strategies for fresh and processed fruits and vegetables. EpiCenter facilitated organized Focus Group discussions, one for each of the three specific product groups (apple/fruits, table grapes, and pepper/vegetables) which indicated certain discrepancies in available statistical data on the FF&V VC, thus impeding accurate forward production planning and strengthening contractual supply chain integration. At the same time, the groups had confirmed the need for revisiting the National Rural Development Program and redesigning the measures for providing financial support to primary producers.

The training on post-harvesting technology in Sarajevo provided by lecturers from the prestigious Postharvest Technology Institute of the University of California (UC) Davis enabled participating VCLAs to acquire most advanced knowledge on post harvesting operations including: calibration, storing and packaging taking into account the variety of the products, seasonality, market demands as well as consumer behavior related to product characteristics. This has raised the awareness of fresh produce exporters and primary producers regarding the need for better integration and joint activities for improvement of the post-harvesting link in the supply chain to be able to better respond to the market requirements.

Increased Productivity, Competitiveness and Sales for Processed Vegetables Value Chain: During this quarter PVVC Lead Facilitator MCG started with the implementation of a set of activities designed to contribute towards increasing of domestic and export sales and enhancing productivity and the overall competitiveness of the processed vegetables VC.

The activity “Visit to Anuga 2011 and contacts with export buyers” implemented during the quarter contributed significantly to increasing LAs knowledge on the German market for processed vegetables and strengthening current and identifying and establishing business contacts with new potential importers and distributors that has resulted in over USD 1.2 million worth of new orders. “Organizing of a buying mission of German importers in Macedonia” enabled demonstrating the potential of the PV industry in terms of capacity, technology, quality, volumes etc. and helped VCLAs to initiate stronger exporting contracts.

AgBiz, through MCG supported the activity for developing an interactive web portal for PV VC participants that will create more efficient communication, cooperation and visibility of Macedonian vegetable-processing companies. The web portal which is to be finalized during the next quarter, with its advanced features, will offer easier access to market information, joint presentation and bidding and thus foster horizontal and vertical linkages within industry improving competitiveness and developing new sales opportunities.

Support for Invest Macedonia (IM): During the quarter AgBiz carried out intensive communication with Invest Macedonia, presenting opportunities for further cooperation and supporting their mandate to provide support to Export Promotion Capacity Building of the Agency. As a result of internal reconstruction and delayed employment of export promotion staff, IM was not in position to act as a counterpart and absorb the offered assistance therefore commencement of component implementation was put on hold. Nevertheless, using the synergy with USAID IDEAS Project, AgBiz held several meetings with the new management and confirmed the commitment of the Agency to cooperate and be directly involved in the whole process aimed at building Invest Macedonia export promotion function. Both projects coordinated training for Invest Macedonia Export Promoters where an overview of the Processed Vegetables sub-sector and initial results of the baseline surveys for FF&V were presented in order to acquaint them with the VCs specifics and enhance their capacity for FDI and Export promotion of agricultural products.

Enhanced Agricultural Business Environment: A better agricultural business environment for exporters and producers will result in enhanced exports and private sector contributions to the economy. Throughout its components AgBiz during the quarter addressed several areas for improvement in the policy and institutional framework related to the supported value chains, utilized the financial platform to strengthen access to finance and worked on building capacity of the value chain participants for advocacy and sustainable public-private dialogue that will ultimately result in the enhanced productivity and competitiveness of Macedonian agriculture.

Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund: During this quarter the MAFWE initiated two activities from the Activity list of which one was completed. The assistance to MAFWE on preparation of the Annual Agricultural Report was completed by end of December, the report was printed and hard copies and CDs distributed. The work on modification of the Strategy for Agriculture and Rural Development was initiated in November and is expected to be completed by the beginning of February 2012. In December, AgBiz received Activity Descriptions for two new activities on the Development of a long-term National Farming Strategy and the Preparation of 11 studies for PDO and PGI Registration.

Policy and Institutional Reform Needs Identification, Prioritization and Analyses:

Through this component AgBiz initiated its work in identifying and prioritizing Policy and Institutional Reform Needs (PIRNs) that should be addressed in order to resolve certain issues that obstruct further development of supported VCs. During this quarter the Lead Facilitators identified Lack of government support for export promotion of Macedonian food.

Another PIRN identified is that although it is returned by the Government, Macedonian companies that apply for IPARD, apart from the initial investment must bear the cost for upfront paying VAT. This financially burdens the companies' overall liquidity, especially during the season, when the need for financial resources is the highest. AgBiz will additionally reassess and research the relevance of these PIRNs and consider engaging relevant consultants as Short-term Technical Assistance to encourage the private and public sector representatives to facilitate the process of addressing these issues.

Development of VC Export Strategies and Plans for the FF&V and PV VCs: The process for development of VC Export Marketing Plans for FF&V and PV envisions involvement of all relevant

stakeholders where IM should ultimately take the ownership of the final documents and coordinate further implementation of strategic export programs. AgBiz delayed implementation of plan development until certain preconditions for cooperation with Invest Macedonia were established. Throughout the quarter, IM committed to provide all logistical support and facilitation of this task and delegated their representatives to participate in the process.

Public Private Dialogue and Organizational Advocacy Capacity Enhancement: In the reporting period, the project team held meetings with representatives of all organizations of FF&V traders and producers and PVs in Macedonia in order to explain and discuss the component idea. In addition, interviews were organized with managers of the VC organizations to assess current cooperation with employees in the Governmental institutions responsible for creation and implementation of the policies, strategies and support measures for FF&V and PV. Additionally, meetings with MAFWE representatives were organized to present the component idea and to ensure that Agbiz activities support MAFWE priorities and The Annual Working Program of the Government of Republic of Macedonia. The Minister nominated a Coordinator of the Fruit and Vegetable Committee from MAFWE with whom several meetings were organized regarding establishment of the Fruit and Vegetable Sub-sector Standing groups.

Enhanced Access to Finance: During this quarter, the Innovation Center (IC) commenced its Access to Finance (AtF) activities focusing on the FFV&PV VCs by modifying the Financial Platform Methodology developed under USAID's Macedonia Competitiveness Project (MCP) in 2008 to suit Agbiz's objectives. After adjusting the methodology to serve the needs of AgBiz VC's, IC developed the entire toolkit needed to implement the methodology and signed contracts with 10 Financial Facilitators (FF). Once the Financial Facilitators were contacted, they started proposing customers that could be supported through the Access to Finance component and submitting necessary documents in the Access to Finance project pipeline ; these customers are Small and Medium Enterprises (SMEs) and/or farmers from AgBiz' VCs that need assistance from the Financial Facilitators in order to access finance from financial institutions in Macedonia. Apart from this, IC also commenced the matchmaking event activity whose primary goal is to facilitate the flow of information between the demand and supply side regarding access to finance. The first such matchmaking event was successfully delivered in December, engaging 5 financial institutions and 20 SMEs from Agbiz-selected VCs.

Monitoring and Evaluation: Adaptation of the AgBiz Performance Monitoring Plan (PMP) was finalized during this Quarter and submitted to USAID for approval. The AgBiz Monitoring & Evaluation (M&E) System and reporting procedures were presented to the selected LFs and templates of M&E instruments that will be utilized for tracking progress towards achieving targeted results were provided. Data quality for indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities was assessed and baselines for Calendar Year (CY) 2010 and Targets for these results-oriented indicators for CY'11 and CY'12 were verified. Implementation of the proper data-collection methodology, data quality assessment and reporting continued during this Quarter.

I.0 FIRST QUARTER ACCOMPLISHMENTS

I.1 PROGRAM DEVELOPMENT AND IMPLEMENTATION

I.1.1 Activities Completed during the Quarter

This Quarter (October- December 2011) represented a start- up period of the Lead Facilitators' work under annual Subcontracts with AgBiz. The focus was primarily on establishing formal contracts, budget and mechanisms for LFs to implement AgBiz activities under the mentoring and guidance of AgBiz staff. During the Quarter, Subcontracts with four Lead Facilitators and a MoU with MAFWE for the activities under the SOF, were signed. In addition, AgBiz conducted a two-day Capacity Building Workshop in order to equip key staff of the LFs with the knowledge, skills, and template documents needed to properly implement United States Agency for International Development (USAID) subcontracts and follow the established procurement procedures. A Handbook has been written and designed as a guide to Local Business Service Providers (BSPs) and AgBiz Lead Facilitators (LFs) to help them establish and follow standardized management practices in line with USAID rules and regulations.

In the first Quarter of the Fiscal Year, Contract Mod #11 was issued by USAID Regional Contracting Officer (RCO) to incrementally fund the Task Order by \$750,000.

Compliance/USAID Approvals

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

- Received Contracting Officer (CO) and COTR approval and consent for LFs Contracting Package: Subcontract, Negotiation Memo, Consent Checklist and Proposal. Subcontracts signed with:
 - a. EpiCentar for FF&V VC LF
 - b. MCG for PV VC LF
 - c. Innovation Center for Enhanced Access to Finance for participants in the Fresh Fruit & Vegetables and Processed Vegetables Value Chains
 - d. Center for Promotion of Sustainable Agriculture and Rural Development (CeProSARD) for Strengthening Public Private Dialogue through the Increased Utilization of Effective Advocacy.
- Received CO and COTR approval for short-term technical assignment for Ms. Pamela Doran, the Contracts Specialist to provide training to all Lead Facilitators to enable them to administer their responsibilities in accordance with USAID and TtARD rules and regulations.
- COTR consent to the MoU between USAID AgBiz Program and MAFWE on management and implementation of the Special Opportunity Fund.
- USAID RCO issued Contract mod#11 to incrementally fund the Task Order by \$750,000, thereby increasing the total obligated amount from \$6,350,000 to \$7,100,000 which is estimated to cover expenditures through September 30, 2012;
- RCO approval of the daily rate for Mr. Alan Schroeder, and COTR approval for his short-term technical assignment to update the Pesticide Evaluation Report and Safe Use Action Plan (PERSAUP), review and draft an amendment (#3) to the original Initial Environmental Examination and recommend Environmental Threshold Decision based on the changes in the approach to implementation of the AgBiz Extension.

Compliance/ MK Laws & TtARD Policies & Procedures

- Held Annual Work Planning Workshop on October 4-5, 2011 in Hotel Drim Struga. In addition to AgBiz staff, 4 selected LFs and MAFWE representatives presented their components. USAID provided input and assistance via the COTR, USAID Economic Growth (EG) Director and two Project Development Specialists.
- Held Capacity Building Workshop to equip key staff of the LFs with the knowledge, skills, and template documents needed to properly implement USAID subcontracts, and follow the established procedures. All forms, policies and procedures were provided on a CD to each of the LFs and in the “Handbook for AgBiz LFs”
- AgBiz assisted the initiation and operation of USAID’s Judicial Strengthening Project (JSP) implemented by TtDPK under ARD’s current registration in Macedonia, per MK Laws.

Subcontracting Lead Facilitators

During this Quarter AgBiz signed the LF’s Contracting Package including Subcontract, Negotiation Memo and Consent checklist. Subcontracts were signed with:

1. EpiCentar for FF&V VC LF
2. Macedonian Consulting Group (MCG) for PV VC LF
3. Innovation Center for Enhanced Access to Finance for participants in the Fresh Fruit & Vegetables and Processed Vegetables Value Chains
4. CeProSard for Strengthening Public Private Dialogue through the Increased Utilization of Effective Advocacy.

In addition to the above subcontracts, a MoU was signed with MAFWE stating the conditions for cooperation and implementation of activities under the Special Opportunities Fund for which Agbiz had dedicated \$122,790.

The terms and the amounts of each subcontract are shown in the Table below:

TABLE I. SUBCONTRACTS SIGNED WITH LEAD FACILITATORS				
Subcontractor's Name	Subcontract's No.	Title of Component	Period of Performance	Budgeted Amount
Epicentar	FF&V VC LF 002	Fresh Fruit & Vegetables VC Lead Facilitator	10/28/2011-9/30/2012	\$211,997
MCG	PV VC LF 001	Processed Vegetables VC Lead Facilitator	10/28/2011-9/30/2012	\$180,874
Innovation Center	AtF 001	Access to Finance Lead Facilitator	10/28/2011-9/30/2012	\$41,200
CeProSard	APPD 001	Advocacy and Public Private Dialogue strengthening	10/28/2011-9/30/2012	\$40,930

1.1.1.1 Implementing VCLFs and Non-VC LFs Subcontracts

Capacity Building Workshop

On October 26-27, 2012 AgBiz conducted a two-day Workshop and one-day individual training in order to equip key staff of the LFs with the knowledge, skills, and template documents needed to properly implement USAID subcontracts, and follow the established procurement procedures. TtARD sent its Contracts Manager, Ms. Pam Doran who did presentations on the Procurement and Contracting Compliance.

At the workshop LF’s staff was equipped to:

- Properly implement their subcontracts and achieve the subcontracts’ goals in full compliance with USAID and USG regulations;
- Maintain an effective and efficient relationship with AgBiz staff including the regular flow of information and meeting the deadlines established for all activities to be undertaken within the subcontract;

- Conduct efficient and timely financial management by complying with all AgBiz and USAID requirements, procurement procedures and Value Added Tax (VAT) reimbursement, allowable and disallowable costs, reporting subcontract cost-sharing, staffing policies, etc.;
- Perform competent subcontract administration and management, including implementation of all planned activities;
- Prepare, refine, and finalize subcontract implementation and performance review plans—including objectives, indicators, baselines and targets, and establishment of a monitoring and evaluation system that ensures data quality;
- Deliver timely and accurate information on subcontract achievements to AgBiz, success stories, and promotional materials related to subcontract work; and
- Prepare required performance reports including quarterly status reports and financial reports.

Handbook for AgBiz Lead Facilitators

In addition to the Capacity Building Workshop, AgBiz developed “A Handbook for AgBiz LFs” (*included in the CD version of this Report*). This Handbook has been written and designed as a guide to Local Business Service Providers and AgBiz Lead Facilitators (LFs) to help them establish and follow standardized management practices in line with USAID rules and regulations, related to purchasing, subcontracting, activity implementing, monitoring and evaluation and reporting policies and procedures. The handbook also provides information on contracting arrangements, ARD and client approval requirements, competition requirements, general subcontract administration guidelines, and responsibilities for commodity and service procurements.

1.1.2 Activities Planned for the Next Quarter

Compliance/USAID approvals

During the following Quarter AgBiz will submit RFAs to USAID COTR and RCO as required and in compliance with USAID rules and regulations.

Budget and Finance Management

- Continue using QuickBooks software and Budget-to-Actual tracking mechanism, for preparing monthly Financial Reports, by recording bank transfers, funds receipts and monthly expense transactions and sending it to TtARD to be included in the monthly AgBiz invoice to USAID.
- Prepare Monthly Budget Projections reports, subcontractors’ financial pipelines and control budget expenditures to successfully implement a highly leveraged activities’ program.

Human Resources and Staffing

- Successfully guide, provide feedback and complete Performance Evaluation for all local staff.

On-going Monitoring and Control of all Subcontracts

AgBiz staff will assist, monitor, and control all subcontracts by providing approval of:

- Activity Descriptions;
- Sub-sub-contractor SoWs;
- Financial Reporting;
- Final cost-sharing;
- Memoranda of Understanding/Letters of Intent with third parties;
- Procurement and purchasing procedures;
- Reporting, monitoring and evaluation, and outreach; and
- Payment procedures

1.1.3 AgBiz Environmental Compliance – Impact Assessment

In order to comply with the requirements of 22 Code of Federal Regulations (CFR) 216 as prescribed in the project’s environmental documentation, Initial Environmental Examination AMD No. 2 dated 05/10/2011 and USAID Recommended Environmental Threshold Decision, TtARD Macedonia AgBiz

Program needed to update the PERSUAP to ensure Program compliance with USAID environmental rules and regulations.

During December AgBiz engaged a qualified consultant and Pesticide Management Specialist to update the PERSUAP and to review several activity descriptions which define the work that our implementing partners – Lead Facilitators - will be conducting in 2012 and to make determinations as to whether or not any environmental impacts might be expected. The consultant will also make recommendations for any mitigation measures that must be undertaken in order to ensure compliance with USAID environmental rules and regulations. This service will make it possible for the Program to ensure environmental and human health safety, while achieving Program goal.

The deliverables of the consultant are expected to be:

- Update the original PERSUAP to ensure that implementation of recommendations made therein ensure the Program's full adherence to USAID's Environmental Compliance Regulations and Procedures.
- Review Lead Facilitator Activity Descriptions to ensure that correct determinations have been made.
- Based on the change in the approach of implementation of AgBiz Support draft new amendment No3 to the original Initial Environmental Examination and recommend changes in the Environmental Threshold Decision

The following nine Activity Descriptions for both Value Chains —fresh fruits and vegetables (FF&V) and processed vegetables (PV) with potential environmental impacts are:

Fresh Fruit and Vegetables Value Chain

- 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 EU fresh market;
- Support to the process of compliance of the primary production with the requirement of the buyers and the market demand;
- Supporting sustainable domestic production of high quality, certified, market demanded apple planting material;

Processed Vegetables Value Chain

- Implementation of Global Gap by farmers supplying raw materials for processing;
- Implementation of International Food Standard (IFS) (2 processing Companies);
- New product development (1 company would like to start freezing green beans, carrots etc);
- Introduction of new varieties and new vegetables production technologies (introduction of yellow pepper).

Lead Facilitators provided the technical details for each of these activities and a list of main crops that are included in the activities, diseases and common pesticides used for protection (*For more details, please see the Environmental Checklist included on the CD-ROM version of this report*). AgBiz team provided information for the current Macedonia list of pesticides and pesticide active ingredients registered and available in Macedonia.

1.1.4 External Cooperation and Coordination

To have an optimal impact on increasing domestic and export sales, improving productivity of the selected value chains, enhancing the agricultural business environment, and increasing access to finance, AgBiz and its subcontracted LFs are leveraging support through all participants in the supported FF&V and PV VCs. To achieve cooperation with other projects, share experience, learn from each other and jointly support activities, AgBiz and LFs cooperated during the quarter in the following ways, with other entities:

- AgBiz CoP participated at a Regional Agribusiness Working Group Meeting organized by RCI that was held on the 6th December in Podgorica. At the meeting all projects in the region shared their experience and agreed to optimize regional information sharing. All reports, analysis, technical briefs etc., and database of recommended experts and of AG Associations will be uploaded on the RCI web site. Areas of possible cooperation on a bi-lateral and regional level were presented by the CBI Netherlands and ideas on development of joint regional trainings were discussed.
- AgBiz CoP participated at the meeting with USAID EG Office and the team of World Bank experts engaged in conducting an Assessment of FYR Macedonia's Trade Competitiveness. Upon request, AgBiz reviewed and contributed to overall USAID comments to the Assessment document Summary.
- On November 4th, 2011 AgBiz successfully coordinated field visit for Mr. Skip Kissinger, Acting Economic Growth Director in the E&E Bureau and USAID EG Director and CoTR to GD Tikvesh as Lead Actor in FF&V and Jomi Food PV VCs. This visit was used to present their operations and current status of activities, as well as the result of their previous cooperation with the USAID AgBiz project.
- AgBiz together with USAID COTR held couple of meetings with Mr. Mukanov, the Agricultural Advisor to Vice Prime Minister for Economy. Mr. Mukanov requested assistance in assessment of the current status of development of agricultural cooperatives and recommendations for enhancement of their business. AgBiz is awaiting a concept paper stating more precisely the requested support on the above mentioned issue;
- As part of the Program Activities EpiCentar assisted the identified LAs in providing opportunity for participating on international or domestic events supported by other USAID funded Project or other donors. LA Badzo PT participated in the Macedonian - Israeli event organized by Crimson Capital. EpiCentar has also facilitated Agro-Kalem, one of the LAs, to participate in the food fair in Istanbul organized through Federation of Farmers of the Republic of Macedonia (FFRM) in cooperation with the Turkish Macedonian cooperation group;
- Nominated by AgBiz, jointly with Natasha Ljubecki from MCG, Ljubomir Dimovski participated in the Food and Agriculture Organization (FAO) regional meeting organized in Ankara from November 29th by December 2nd. Among other things one of the topics of the meeting was establishment of vertical linkages in agriculture, which is of great interest for the Program. Several systems and international experiences were presented. Useful contacts were established during this event that can be used further in AgBiz Activities' implementation;
- EpiCentar made efforts to coordinate the activities with New Opportunities in Agriculture, a USAID funded Project in Kosovo, and with the Fruits & Berries Project in Serbia funded by Danish International Development Agency (DANIDA). Agreement was made to organize joint presentations of the FF&V VC in all three countries in front of interested participants. Considering the significance of these markets for Macedonian producers it is important to be informed for all the developments connected with the targeted FF&V VC;
- Saso Risteski participated on the IPARD monitoring committee meeting on December 09 and provided suggestions for increasing of the investment limits for projects;
- MCG participated at the "German investment possibilities within Central European Free Trade Agreement (CEFTA) region" forum and shared conclusions and information received with LAs;
- On December 22nd, 2011 in Skopje, participated on the meeting and provided input from the PV VC in regards to Seasonal labor organized by the Deputy Prime Minister Mr. Peshevski;
- The Matchmaking Event for FF&V and PV VCs was co-organized with USAID funded Macedonia Competitiveness Project (MCP). The event held on December 1st, 2011 that took place in Strumica, was coordinated and cost-shared with several financial institutions (FI) including Macedonian Bank for Development Promotion (MBDP), Agricultural Credit Discount Fund (ACDF), Crimson Capital, NLB Lizing and Moznosti saving house.

I.2 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR FRESH FRUITS AND VEGETABLES

The FF&V sector with over 357.791 tons of exported FF&V is one of the most important single sub-sectors accounting for 3.5% of the overall annual export value¹ of 115,4 mil US\$ (Y2010). However, the FF&V sector has significant obstacles and threats that need to be addressed. Ex-YU markets are still the main export destinations of FF&V products, thus creating high export market dependency on a small number of markets and represents potential threat for future sales of produce from Macedonia.

At the same time, small sized plots, the outdated varieties, lack of implementation of modern production technology, lack of use of certified planting material, low level of vertical and horizontal integration, limited access to favorable conditions for financing, etc. are among the most significant issues that impede further growth of the VC. Thus, AgBiz through EpiCentar as a Lead Facilitator of this component works on provision of technical assistance at all levels and players within the VC for improving the planting material, production technology, standardization, market linkages aimed at supporting VC participants to resolve or diminish some of these problems.

However, it should be noted that significant changes for achieving substantial results and optimizing the benefits from any of the interventions would require a longer period than only one season, if not several years.

I.2.1 Activities Completed during the Quarter

Post-Harvest Technology Training

Objective: To increase the knowledge of post-harvesting techniques that would lead to improved final product quality and competitiveness.

Activity Summary: The activity consisted of six-day training on post post-harvesting techniques in Sarajevo. It was delivered by UC Davis experts and was attended by 9 representatives from LAs, 3 SITTA experts and 1 FF&V LF Project Staff. The activity specific objectives and results achieved included improving the specific post-harvesting skills, helping the LAs to better organize the post-harvesting operations and improve their knowledge on how to conform to the stringent post-harvest requirements from buyers in more sophisticated markets. The training participants confirmed that the training provided by prominent experts from UC Davis was extremely useful to achieve better organization of post-harvest operations both at farm level and with processing/ packing. As the training covered the most advanced post-harvesting management systems and standards, it helped LAs to increase their know-how in PHH operations including calibration, cooling, storing techniques and humidity, standards for packaging etc. taking into account the variety of the products, the seasonality, the market demands as well as the consumer behavior related to the product characteristics. Participants have learned that the application of an appropriate and on-time post



¹ Total export value Y2010 according SSO, US\$3.301.829.120

harvesting operations will significantly improve the final quality of the products and decrease the operational costs, thus increase the export competitiveness of FF&V products on the market.

Besides the information on technical knowledge for post harvesting techniques it has been a useful source of market information on the post harvesting demands the crucial FF&V markets including the Ex-Yugoslav market. The requirements for export of Macedonia production followed by new European Directives, and annexes represent a barrier that could be overcome with implementation of the new post-harvesting practices and standards including Global GAP. However the discussions and experiences represented by representatives from 11 countries of South-East Europe and Eastern Europe lead to a conclusion that each market has its own specifics and demands that should be analyzed prior any exports. The common conclusion of the participants was that the Macedonian production is still competitive on the regional markets, but without improvement of productivity and standardization, it could very easily lose its competitiveness, as there are new emerging production countries targeting our regional market.

Through the cooperation and direct participation of representatives of the Federation of Farmers of the Republic of Macedonia (FFRM) at the training, the knowledge gained has been disbursed through “Moja Zemja” magazine articles and their network. The published articles describing the new techniques and skills received during the PH training secured wide distribution of lessons learned and will stimulate increase of the overall VC performance and productivity. *(For more details, please see the Activity Results Report included on the CD-ROM version of this report).*

Activity Cost: Total Cost: \$20,511; AgBiz Share: \$7,778 or 38%

Preparation of VC Baseline Screening through Focus Group Discussions

Objective: Preparation of FF&V VC Baseline Screenings and setting up a mechanism for regular discussion and information exchange between LAs and their farmers on the VC performance progress at the primary production level through established Focus Groups.

Activity Summary: The FF&V LF completed the baseline screening of FF&V VC with emphasis on three product groups: (apple / fruits, table grapes, and pepper/vegetables) as well as four Focus Group discussions as the first part of the activity that will continue its implementation throughout project duration. EpiCentar reviewed the reports and documents available for the specific product groups and collected relevant statistical and other secondary data, conducted four field trips and direct interviews with the LAs and other relevant stakeholders from Tetovo, Stip/Valandovo, Povardarie, and even in Nis, Srbija in order to give a good balance of sources and a combination of theoretical and practical input that will allow the LF and Technical experts to conduct comprehensive and relevant analysis. Quantitative data from various sources for all three product groups were collected and processed and VC Performance monitoring matrices developed. Baseline surveys will provide an overview of the performance of FF&V VC and allow VC stakeholders to better understand the latest specifics of domestic production and most current issues related to the FF&V VC export competitiveness.

EpiCentar and FFRM established the three specific product Focus Groups (apple/fruits, table grapes, and pepper/vegetables) consisting of primary producers and VCLAs. Four Focus Group discussions: two (in Skopje and Ohrid) with the focus group for apples and one with each of the groups for table grapes (Kavadarci) and peppers (Strumica) were completed during the implementation quarter. Each of the FG discussion was attended by 20 to 25 LA's and their integrated farmers, FFRM and representatives of other relevant stakeholders that exchanged information on the specific actual VC constraints, market situation, opportunities for further growth, the impact from the GoM support programs etc.

The VC Screenings for the three targeted products elaborated through FG discussions have illustrated that national statistics in some areas such as production and yield do not correspond to the reality, revealing the need for improvement of the recording system. FGs also insisted on sustainable, long term agriculture support policies that will have long-term effect for the FF&V VC, specifically improving the producers' productivity as well as overall competitiveness.

The FG discussions have: a) increased the participants (LAs and their cooperative farmers) knowledge for production technology, improved productivity (effective use of inputs), b) improve their views on the export potential on the regional, EU and third markets; c) clarified the needs and perspectives of the state

subsidies into development of the sub-sectors. During the FGs discussions 2 PIRNs were identified as well.

Activity Cost: Total Cost: \$32,250; AgBiz Share: \$16,110 or % 50

1.2.2 Activities Planned for the Next Quarter

The FF&V VC activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.5*).

- Preparation of a VC Baseline Screening through Organized Focus Groups (cont.);
- Organization networking event with non-traditional export markets through conference and Business-to-Business (B2B) meetings;
- 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;
- Support to the process of compliance of the primary production with the requirement of the buyers and the market demand;
- Supporting sustainable and continuous domestic production of high quality, certified, market demanded Apple planting material;
- Improvement of market linkages through organization of a series of visits to the FF&V Fairs (International Agricultural Fair, Fruit Logistica & World Food Moscow); and
- Presentation of modern production systems of all targeted VCs through organization of a Study Tour.

1.3 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR PROCESSED VEGETABLES

The Macedonian vegetable processing industry is export oriented – 80-85% of annual production is exported. EU markets and regional markets are the largest export destinations. The Stabilization and Association Agreement with the EU from 2001 provides unlimited access of PV products to the EU member states. PV VC have been successfully implemented most of the market required standards in particularly those related to food safety and food quality hence, there are good possibilities for further enhancement of market linkages with international food importers and distributors that would result in increased exports of PV products.

Some of the main constraints of PV VC that directly hinder the overall performance of the VC include land fragmentation, small scale farmers, poor horizontal linkages and no viable producer organizations (POs), insufficient planning of production and utilization of contract farming as well as reluctance of farmers towards adoption of new production technologies, introduction of new products and varieties and full integration in the supply chain. The harvesting period is limited to the period October to mid-November that shortens the processing season and results in average utilization of the domestic production capacity of below 50%, leaving substantial additional opportunities for increased production and exports.

Hence, AgBiz through MCG as PVLf is implementing a set of activities that will help VC participants to introduce new varieties and technologies at farming and processing levels, utilization of contract farming opportunities and supply with production inputs, trainings focusing on production and processing improvements, trade fair visit and joint export promotion as well as development of embedded services by the PV VC actors.

1.3.1 Activities Completed during the Quarter

Visit to Anuga 2011 and Contacts with Export Buyers

Objective: Meet with relevant potential buyers and conclude export deals, Identify and establish business contacts with new potential importers and distributors, increase participants' knowledge of the German market for processed vegetables, Explore new export sales possibilities.

Activity Summary: Anuga is not only the largest food and beverage fair in the world; it's also the sector's most important fair for new markets and target groups. It is the perfect venue for observing all the latest trends and themes and a great place to make first-rate contacts and business deals. Anuga 2011 was attended by 6,596 companies from 100 countries, which occupied a huge exhibition space of 284,000 m². Over 155,000 trade visitors from 180 countries attended Anuga 2011.

Apart from international perspective of the fair, participating companies learned from their German partners the latest trends on the German market for processed vegetables. Although, during the period 2008-2009 as a result of the global economic crisis, food imports experienced downsizing, Germany, as a major food importer in Europe, quickly recovered in 2010 and has an increasing food import trend for 2010 and 2011. The German importers expect processed vegetables imports in 2011 to outnumber the figures from 2010 by 4-6%.

As a result of this activity eight (8) processed vegetables companies (VC LAs) had an opportunity to visit Anuga, coordinate with their current buyers to complete the negotiations started prior to traveling to Germany and set up contracts for the forthcoming season but also to organize many meetings with new potential importers during the visiting dates.

With support from Mr. Andreas Arnold, a GIZ-CIM contracted specialist who supports Macedonian PV companies in their efforts to improve linkages with companies from Germany based on the agreement between Macedonian Association of processors (MAP) and GIZ-CIM from 2009, Macedonian participants managed to establish a number of new business contacts with interested parties from abroad. On average, each company conducted 5-10 meetings with new potential importers and distributors, resulting in orders worth more than USD 1.2 million. The group also visited selected stands (exhibitors from the region and German importers Dittmann; Kattus & Fuchs). New potential buyers from Germany showed immediate interest in particular products such as ajvar, roasted peppers, cherry peppers etc. However, they understood that individual Macedonian companies cannot meet the requirements of some of the potential customers. Therefore, new export possibilities will require joint approach of Macedonian PV companies, regular contacts and information flow with potential partners, carefully prepared offers in regards to prices and volumes etc.

Not only major German importers and retailers but also small scale importers/distributors that focus on the ethno food segment did consider IFS as a precondition to continue importing PV products from Macedonia. Visit to Anuga 2011 provided important insights regarding product packaging. Although plastic containers were presented on the previous event as a substitute for glass jars, on Anuga 2011 there was no evidence that alternative packaging would be relevant to the industry in the forthcoming period. Glass containers remain the dominant packaging for the canned vegetables particularly for retailing, while tins are more convenient for Hotel /Restaurant / Café (HORECA) sector. Some producers presented glass jars with front label that shows only the name of the product whereas other emphasized labels with more "natural character" and not burdened with stylish and overemphasized brand names, logos etc. Many new products were presented which leads to the conclusion that companies pay special attention to research and development as a possibility to attract new customers and to increase their overall presence on international food markets. Participating LAs observed and learned from exhibitors from major vegetables exporting countries Italy, Spain, Greece that utilize more thematic even regional approach, introducing specific competitive advantages of their companies. South Africa was dominant in the segment of high quality packaging, while producers from Peru presented new pepper varieties (Jalapeno, Anaheim and Ancho poblano) and new pepper based processed products. Apart from international competition, all regional countries were presented with national stands (Bulgaria, Serbia, Croatia, Bosnia and Herzegovina), organized and/or supported by the respective ministries, export promotion agencies,

chambers of commerce and/or supporting donor organizations and projects that indicated their seriousness and efforts for supplying processed vegetables to the markets. Participants got acquainted with other very relevant new technology and management practices related to pasteurization of products. LF and participating PVLAs also worked on identification of companies and preliminary planning of a buying mission of German importers in Macedonia (*For more details, please see the Activity Result Report included on the CD-ROM version of this report*).

Activity Cost: Total Cost: \$12,074; AgBiz Share: \$3,724 or 24%

Organizing a Buying Mission of German Importers in Macedonia

Objective: Meet with relevant German importers of processed vegetables and to present processing facilities and opportunities for future business cooperation, Demonstrate potentials of the industry in terms of capacity, technology, quality, volumes etc. Taste and discuss products characteristics, Initiate stronger exporting contracts.

Activity Summary: Three representatives from two very interested German companies participated in this activity: Clama that operates under private label principles and is one of the major suppliers of Aldi discount retail stores - www.clama-int.de, and Kattus & Fuchs covering a range of 2000 different food products with established joint ventures and strategic partnerships with manufacturers from Spain, Greece, Turkey, Brazil, Peru and China, www.fuchs-gewuerze.de. Although representatives from another major German importing company, Feinkost Dittmann, did not participate due to last minute business engagements, they expressed serious interest to continue their business contacts with PV VCLAs.

Their visit to Macedonia started with an organized presentation and joint tasting event held in Kamnik restaurant in Skopje. LF presented the overview of the processed vegetables industry in the country. Six companies presented their product portfolios and previous experience in exporting to Germany. During their stay in Macedonia, German buyers got acquainted with the main characteristics of processed vegetables production in Macedonia and visited 6 PV VCLAs (Bonum plus, Lars, Trgoprodukt, Vori, Altra and Rudine). They have carefully inspected the production facilities, production lines and equipment and checked certificates for compliance with EU food safety and quality regulations. German representatives were impressed by the new investments made in the technology particularly at Bonum plus and Lars achieved through the Instrument for Pre-Accession Assistance for Rural Development (IPARD) co-financing and appreciated experience of companies in exporting PV products to Germany. They reviewed the product portfolios, were particularly interested in industrial ajvar, roasted peppers and chili peppers and stated that the taste of products is excellent and meet their requirements. German representatives collected catalogues, price lists, selected several samples to take directly and agreed that domestic producers could send additional information and samples for further testing in their labs. It was agreed for German companies to send their samples and product criteria to Macedonia in order for PV producers to analyze the products and to confirm their capability to meet those exact specifications.

Organized buying mission of German importers in Macedonia confirmed that there is a growing interest for PV products by German importers and they usually insist on long term partnerships and cooperation. Also, they actively cooperate with their vendors in the area of new product development in order to promote new food products to German consumers. Therefore, Macedonian producers should consider more dynamic product development that could attract attention of consumers and importers. One of the key information obtained by VCLAs during the mission was that the German market is becoming more rigid in regards to food safety and quality. Therefore, apart from HACCP requirements, German importers were insisting on implementation of IFS. In the future, if not addressed this could become a serious non-tariff barrier for Macedonian producers and exporters of PV products to Germany.

Overall, German representatives were very satisfied from the mission and expressed interest to continue working on potential deals in the forthcoming period. The knowledge and new information acquired during this activity will be shared with other VC members (on the next MAP meeting) in order all VC members to be able to offer their products and understand the challenges when approaching or negotiating with major importers (*For more details, please see the Activity Result Report included on the CD-ROM version of this report*).

Activity Cost: Total Cost: \$10,152; AgBiz Share: \$2,984 or 29%

1.3.2 Activities Planned for the Next Quarter

The PV VC activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.5*).

- Development of an interactive web portal for PV VC;
- Development and implementation of tailor made Enterprise Resource Planning (ERP);
- Introduction of new varieties and new vegetable production technologies;
- Acquiring and dissemination of international market data; and
- Facilitation/implementation of contract farming

1.4 SUPPORT FOR INVEST MACEDONIA

The key objective of this component is to support Invest Macedonia to build its export promotion capacity. The intention is to work on developing IM 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. AgBiz closely coordinated with USAID funded Investment Development and Export Advancement Support (IDEAS) and USAID Mission regarding developing suitable activities aimed at building Invest Macedonia Export Promotion capacity as soon as they present sufficient capacity and commitment to cooperate.

1.4.1 Activities Completed during the Quarter

During the quarter AgBiz together with IDEAS and USAID COTR Ms. Cuculoska held several meetings with the new Deputy Director of Invest Macedonia, Mr. Kristijan Delev and its team and discussed a set of possible joint activities for IM capacity development. Preliminarily-agreed concept include supporting the agency in organizing a visit to well established Export Promotion Agency with strong export promotion function and model similar to Macedonia most probably in Czech Republic or Turkey, developing and printing a guide "How to export", inclusion of IM export promoters in Germany to organized visit for FF&V VC participants at Fruit Logistica Trade Fair in Berlin, organizing specialized promotion and B2B in Poland for fresh fruit and vegetables and Processed Vegetables exporting companies, development of a quarterly online Export Newsletter with information regarding Invest Macedonia activities, developing an interactive Customer Resource Management (CRM) web database to be developed by IDEAS whereby AgBiz will provide input on Agribusiness companies, organizing Export Promotion workshop for annual planning of Invest Macedonia activities as well as close cooperation in developing Export Marketing Plans for FF&V and PV VCs. Mr. Delev delegated Mr. Borjan Borozanov and Ms. Ana Lazarova as key contact persons for further coordination of activities supported by AgBiz and IDEAS.

During December, AgBiz contributed to the training for IM export promoters organized in coordination with IDEAS on Needs of Agribusiness for Export promotion. Both AgBiz VCLFs presented their activities for FF&V and PV related to export promotion and offered respective export promoters to take active part in those activities from the very beginning. Two representatives from PV VC were also invited and presented previous experience in export promotion, their specific market approach and possibilities for coordinated efforts with Invest Macedonia. AgBiz CoP reconfirmed full commitment of the program to work closely with IM office on strengthening the capacity of the Agency for Export Promotion. After the training many of the Export promoters expressed serious interest and presented opportunities for organizing specific promotional events for VC products on several markets.

AgBiz and IDEAS agreed to sign a MoU with IM defining joint activities for capacity development of Invest Macedonia Agency as well as cooperation in developing Export Marketing Plans for FF&V and PV VCs.

I.4.2 Activities Planned for the next Quarter

AgBiz will finalize and sign a MoU with Invest Macedonia to define mutual cooperation. We will also start working on preparation of joint activities with IDEAS on Invest Macedonia Capacity Building. (For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.5).

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

The goal of this component is strengthening MAFWE's strategic planning and policy capacity. The specific objective 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 Macedonian Agriculture. AgBiz is using the Special Opportunities Fund as a flexible resource that allows for creativity and taking advantage of new opportunities as they arise. The new approach gives AgBiz an opportunity to contribute to agribusiness development through work with MAFWE and the GoM on strategic documents and to increase their technical capacity. AgBiz, in coordination with MAFWE, established precise objectives and expected outcomes of this cooperation. SoWs are developed as planned and consultants for implementing approved work selected in consultation with MAFWE.

MAFWE already recognizes AgBiz as a serious partner on issues regarding developing specific agribusiness laws and regulations and/or as a voice for the private agribusiness sector.

I.5.1 Activities Completed during the Quarter

Technical Support in Preparation of the Annual Agriculture Report for 2010

Objective: The objective of this Activity is to provide technical support to the Ministry of Agriculture, Forestry and Water Economy (MAFWE) in the process of preparation and publication of the Annual Agricultural Report 2010.

Activity Summary: For preparation of the Annual Agricultural Report for 2010, experts from the Faculty of Agricultural Science and Food were involved together with the relevant employees from the Ministry of Agriculture, primarily employees under the Department for Agricultural Policy Analysis DAPA. The preparation of the report was based on available sources of information and data, primarily the individual reports from the different MAFWE's Departments/Directorates, Ministry of Economy, the Agency for Financial Support in the Agricultural and Rural Sectors, the National Extension Agency and others. However, the main source of the information is the official data provided by the State Statistical Office of the Republic of Macedonia.

The Annual Agriculture Report for 2010 serves as a reference document both for national and international institutions and other stakeholders involved in the agricultural and food sector, forestry, water economy etc. Additionally, this document covers the aspects of structural and legal reforms within the process of the European Integration, trade and cooperation with international organizations, information relating to the expositions, fairs, seminars and other agri-forums etc. AgBiz assistance for preparation of the report contributed to retaining the continuity of such an important document for the whole agricultural sector.

The beneficiaries of this activity will be the MAFWE, other government institutions, scientific and research institutions, the international community and all relevant stakeholders involved in the sectors concerned. Annual Report 2010 is a public document, available in printed (hard) and electronic (soft) copies. Additionally, the Report will be posted on the AgBiz and MAFWE websites available to all interested public.

Activity Cost: Total Cost: \$7.200; AgBiz Share: \$6.000 or 83%

I.5.2 Activities Planned for the next Quarter

The Activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.5*).

- Modification of the National Agriculture and Rural Development Strategy (NARDS);
- Development of long-term National Farming Strategy; and
- Preparation of 11 studies for Protected Designation Origin (PDO) and Protected Geographic Indication (PGI) Registration

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

The main objective of this component is to identify and prioritize the Policy and Institutional Reform Needs (PIRNs), involve the private and public sector representatives to facilitate the process of addressing the issues assisted by AgBiz and relevant consultants as a Short-term Technical Assistance. It is expected that the AgBiz Lead Facilitators and other partners such as the MAFWE and scientific institutions, through their daily communication with the industry and primary producers will play a major role in comprehending the problems and selecting the most feasible issues to be addressed and solved. Each PIRN will be addressed by engaging a consultant as a SITTA.

I.6.1 Activities Completed the Quarter

During this quarter two following PIRNs were identified by the Lead Facilitators:

Lack of government support to export promotion of Macedonian food exporters

Although Invest Macedonia has a mandate to organize and support export promotion activities on behalf of the domestic companies, so far there have been very little activities that were undertaken and completed by Invest Macedonia. Because of that, the domestic firms lack export promotion support. This issue is already been seriously considered by USAID. AgBiz and IDEAS have taken initial steps in coaching Invest Macedonia on export promotion tools and plans for maximizing the utility of their numerous promoters posted around the world. At the moment, the modest financial resources of the agency do not allow significant direct support for export promotion.

Financial burden of VAT to the vegetable processing companies applicants for IPARD when importing inputs for their facilities

Macedonian companies that apply for IPARD, apart from the initial investment must bear additional costs, including the VAT. Although it is returned by the Government, it takes (according to the companies) a minimum of 4 month for receiving reimbursement of VAT tax, which endangers their overall liquidity and cash flow, especially during the season, when the need for financial resources is the highest. AgBiz will reassess and research the relevance of this PIRN because the VAT is a legal tool of the government that is mandatory for any industry.

I.6.2 Activities Planned for the next Quarter

Two new PIRNs were announced to be submitted in early January by the MAFWE on “Lack of development effects in the Agricultural sector from the National Subsidies Program within the period from 2005 to 2011” and by CeProSARD on “Absence of procedures for managing and monitoring the sub-sectorial groups”.

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 Public Private Dialogue (PPD) component.

I.7 PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT

In spite of the existing legal framework and supporting measures for FF&V and PV VCs, the lack of established communication channels prevents measures' 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 project objective is to provide conditions for establishing dialogue between the public and private sector by strengthening the capacities of VC participants and representatives of GoM institutions and setting up a system for regular communication and exchange regarding certain topics and documents pertaining to the fruit and vegetable sub-sectors.

I.7.1 Activities Completed during the Quarter

Identification of the Relevant VC Participants for Advocacy and Private Public Dialogue

Objective: Identification of all relevant VC participants: umbrella associations, FFRM, Chamber of Commerce, MAP, Macedonian Agro Exporters Association (MAEA), Alliance of cooperatives and other trade and producer organizations and their officials; organization of the first meetings with purpose to present the project idea and activities to the VC participants in order to get their feedback and informal assessment of their interest for cooperation.

Activity Summary: In the reporting period, the idea of the component was explained and discussed during meetings with representatives from: FFRM, Alliance of Cooperative, MAEA, Association of farmers, MAP and the Union of Chambers of Commerce. During the meetings, interviews with their representatives were organized to assess the current situation related to the cooperation and negotiation process between MAFWE and VCs participants. The results from the interviews will be used as a starting point for a baseline study on the current level of cooperation between FF&V and PV VCs and MAFWE representatives.

Activity Cost: Total Cost: \$2,132; AgBiz Share: \$1,220 or 57%

Inclusion of Relevant GoM Bodies and other Non-Government Organizations Related to FF&V and PV VCs Policy and Advocacy Issues

Objective: Identification of all governmental institutions responsible for creation and implementation policies and support measures for FF&V and PV (MAFWE, NEA, Agency for Financial Support in Agriculture and Rural Development (AFSARD), Agency for veterinary and food, etc.); organization of the first meetings with purpose to present the component and activities to the Government of Macedonia (GoM) representatives in order to get their feedback and informal assessment of their interest for cooperation.

Activity Summary: In the reporting period, meetings with MAFWE representatives were organized in order to present the component and revise it to the MAFWE official structure and responsibilities.

The official letter was sent to the Minister Ljupco Dimovski for nomination of the Coordinator of the Fruit and Vegetable Committee from MAFWE. Upon the request for nomination, Mr. Perica Ivanoski was officially appointed as a project Coordinator from MAFWE. After the nomination, meetings with MAFWE Coordinator were organized where the proposed idea and activities were explained in order to discuss in details proposed approach and to find a best solution for fitting the project Fruit and Vegetable Committee within the MAFWE official structure. Proposed solution includes support to the Ministry in the process of establishment of Fruit and Vegetable subsector groups. Furthermore, all responsible

departments, units and persons dealing with issues related to FF&V and PV were identified. On the meetings with MAFWE high representatives, emphasis was put on establishment of the fruit and vegetable sub-sector standing groups and development of the working procedures and annual program as obligations derived from the Law on Agriculture and Rural Development.

In addition, the importance of improving the skills for developing an Annual program, including Mission, Vision, Goals and Activities for the members in the subsector groups was stressed. The activities of the Annual program of the subsector groups will be prioritized in the process of awarding when applying for financial support from the National Support Scheme. Establishment of the subsector groups and enabling conditions for their functioning will contribute to the process of launching private public dialogue.

The project team initiated official involvement of MAEA and Alliance of Cooperatives in the fruit and vegetable subsector groups as regular members. As a result of the proposal by the LF, MAFWE sent the application form to both organizations and official invitation for their membership in the subsector groups for fruit and vegetable.

In the reporting period, meetings were organized with the following individuals/entities: Valentina Stojanovic Tufa, Chief of the Minister's Cabinet; Draganco Stojcev, State Councilor for Legal Affairs; Perica Ivanoski, State Councilor for Agricultural Policy Analysis and officially Nominated Project Coordinator; Jane Novackov, Head of Marketing and Quality of agricultural products Department; Abdilgafar Sinani, Head of Department for Agriculture; Zivko Brajkovski, Head of Grape, Vine and Fruits Production Department; Zoran Nikolovski, Head of Agricultural Policy Analysis Department; and Blagoja Mukanov, Advisor, Cabinet of the Vice Prime Minister for Economic Affairs in GoM.

Additionally, the questionnaire for the interview with GoM representatives with the intention of assessing the baseline situation at the startup phase of the project implementation, was developed and interviews were conducted with the above mentioned senior employees in GoM institutions.

In the reporting period, a PIRN - *Capacity building of Sub-sector Standing Groups for fruits and vegetables* was pointed out during the meetings with MAFWE Coordinator and with Heads of the Departments in MAFWE, as one of the crucial issues at this stage of establishment of the fruit and vegetable Sub-sector standing groups. The PIRN will be submitted to AgBiz at the beginning of next quarter.

According to the Law on Agriculture and Rural Development, the establishment of the Subsector groups is MAFWE's obligation. The idea is to establish stronger relations between the Ministry of Agriculture and social and economic partners for planning, monitoring and implementation of agricultural policy as well as to strengthen vertical integration in the agricultural sector. The issue is one of the priorities in the Annual Working Program of the Government of the Republic of Macedonia for 2012.

Activity Cost: Total Cost: \$4,212; AgBiz Share: \$1,980 or 47%

1.7.2 Activities Planned for the next Quarter

The Activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.5*).

- Performance of the Training Needs assessment for both target groups – VCs representatives and representatives from GoM institutions dealing with FF&V and PV;
- Development of the tailor made training curricula;
- Organization of the first training sessions - Training delivery; and
- Support organization of the first meetings of the fruit and vegetable subsector groups

1.8 DEVELOPMENT OF VC EXPORT STRATEGIES AND PLANS FOR THE FF&V AND PV VCS

The overall objective of this Agbiz component 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.

1.8.1 Actions taken during the Quarter

Although the procurement process to identify a LF to head up this component was conducted, considering the fact that for this component a significant involvement of relevant IM staff is needed, the selection of Lead Facilitator and the launch of activities under this component was delayed. After delayed employment of export promotion staff, USAID recommended that the initiative be put on hold until further agreement with new IM management and confirmation of their commitment to future cooperation.

The details on the process for development of the VC Export Marketing Plans were discussed with Mr. Kristijan Delev and it was agreed the activity would be coordinated with all other relevant institutions while IM committed to provide all logistical support and facilitation. MAFWE and Ministry of Economy (MoE) expressed interest to nominate their representatives to participate in the process. In this regards, AgBiz initiated discussion with the Dutch Centre for the Promotion of Imports from Developing Countries (CBI) on the opportunity for CBI to support the process and provide international expertise in the development of VC Export Marketing Plans for FF&V and PV.

1.8.2 Actions Planned for the Next Quarter

- Reach final agreement with IM on developing Export Marketing Plans for FF&V and PV VCs; and
- Confirm on the opportunity for the Dutch CBI to support the process and provide international expertise in the development of VC Export Marketing Plans.

1.9 ENHANCED ACCESS TO FINANCE

Access to finance is the one of the major impediments to economic growth and business expansion of the private sector in Macedonia. The successful access to finance is often a matter of companies being aware of various financing options available on the financial market as well as companies showing improved financial management and planning and developing sound business expansion plans and bankable financial proposals. The experience of Financial Platform² program and the Innovation Center showed the following major constrains:

- Limited supply of bankable project proposals to banks.
- Mismatch between the demand and offer of financial services.

The final effects of this access to finance related issues for the Macedonia economy are:

- Limited level of domestic investment;
- Lost opportunity for business growth (overall firm's sales and exports); and
- Lost opportunity for incremental employment.

In order to address this issue and assist AgBiz Value Chain companies, Innovation Center proposes to develop the Financial Platform AtF methodology to serve the needs of the companies from AgBiz VC's.

² The Financial Platform was the core of USAID MCP's access to finance component; its primary goal being mitigating the challenges that so often impedes companies' growth. Conceptualized and piloted in FY 2008 in response to a clear need to address the asymmetry of available financial products and the quality of financing proposals submitted to banks, the Platform was scaled out in FY 2009. Today it has reached full maturity; using a pool of over 20 financial facilitators working with over 250 SME's on helping them successfully access finance. The number of facilitators is constantly expanded by identifying and adding new facilitators to the list.

1.9.1 Activities Completed during the Quarter

Upgrade of the Financial Platform Access to Finance Methodology

Objective: The Objective of this activity is to upgrade and adjust the Financial Platform Methodology to the specifics of AgBiz VC objectives.

Activity Summary: This quarter the Innovation Center team has:

- Adjusted and upgraded AgBiz AtF Methodology
- Developed AgBiz AtF toolkit including:
 - Contracts with Financial Facilitators
 - PMP tracker
 - Forms for approval of company intervention
- Developed forms for documenting Pipeline of clients and monitoring progress
- Identified and recruited financial facilitators;

The developed methodology was presented at a half a day workshop with the pool of Financial Facilitators; the purpose of the workshop was to inform them about the new AgBiz AtF activity, the procedures of submitting projects to be supported by USAID, and reporting requirements. At the end of the workshop, all 10 FFs signed the contracts.

Activity Cost: Total Cost: \$6,200; AgBiz Share: \$0 or 0%

Matchmaking Events for FF&V and PV VCs

Objective: The wider objective of the matchmaking events for Fresh Fruit and Vegetable and Processed Vegetable Value Chains is as follows:

- To communicate to a wider and relevant audience the identified *issues* impeding access to finance: *bottlenecks and sustainable solutions*;
- To identify businesses which need assistance in formulating their expansion and investment goals and in seeking access to external financing;
- To create a platform for exchange of information to overcome the ill-information dissemination and prevalent current mistrust amongst the local businesses and banks;
- To serve as a possibility for presenting sound business ideas from the business side, as well as innovative financing services from the banks side, thus create possibilities for matchmaking between the access to finance demand and supply sides;
- To match Financial Facilitators and companies that would need their assistance; and
- Ultimately, to serve as matchmaking and networking opportunity between all access to finance stakeholders i.e. businesses, FIs and Financial Facilitators.

Activity Summary: In December 2011 the IC team delivered the first matchmaking event. The event took place in Strumica on December 1st with 5 representatives of FI's presenting various financial products to over 30 representatives of the business community. Productive discussion took place between the companies and the representatives of the financial institutions during the presentation. Discussion further continued during the informal part where the representatives of the financial institutions discussed specific financing opportunities with some of the companies. IC started preparing the second matchmaking event to take place in Kavadarci on January 31st. The impact of the Matchmaking Events for FF&V and PV VCs is multifold. Apart from their obvious educational purpose they also set the stage for long-lasting relationships among SMEs, FIS and FFs.

Activity Cost: Total Cost: \$12,300; AgBiz Share: \$3,400 or 28%

Helping Companies Access Finance by Cost-sharing Services of the IC FP Pool of Financial Facilitators

Objective: Help companies from AgBiz supported VCs to successfully access finance through managing the pipeline of projects, ensuring that all results accomplished by FF are properly monitored and reported.

Activity Summary: This activity is ongoing and it will continue as a regular procedure throughout the year and the contract between AgBiz and the Lead facilitator. In order to start it, the previous activities which had preparatory significance, had to be initiated and completed. This success of this activity is actually the core of the idea for this component. Financial Facilitators started applying with projects. In the moment there are two companies and one individual farmer in the pipeline; if successful these three projects are expected to result in an investment of 737,690 US\$.

Activity Cost: Total Cost: \$59,840; AgBiz Share: \$18,500 or 31%

1.9.2 Activities Planned for the next Quarter

The Access to Finance activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.5*).

- Complete the matchmaking event activity with event on January 31st in Kavadarci;
- Develop and print brochure with innovative financial products available in Macedonia;
- Organize three educational events for farmers together with EpiCentar; and
- On-going management of the AtF project pipeline.

1.10 PERFORMANCE MONITORING AND EVALUATION

Implementation of proper data collection methodology, data quality assessment and reporting continued during this Quarter.

1.10.1 Activities Completed during the Quarter

- The FY'12 Annual Work Plan and FY'11 Fourth Quarter and Annual Report were finalized and approved by USAID. In addition, the FY'11 Annual Report was converted into compliance with Section 508 of the Federal Regulation;
- The Lead Actors' Baseline and Projection forms from both AgBiz supported VCs were provided by VC designated LFs. Data quality for Indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities was assessed and Baseline for CY'2010 and Targets for these results-oriented Indicators for CY'11 and CY'12 were verified;
- The adaptation of the PMP, including Performance Indicator Reference Sheet for each of the AgBiz Indicators and M&E instruments (Questionnaires and Surveys, Post-Activity Evaluation Forms and Quarterly Progress Report Form) were finalized.
- In the interim, due to Agency's updated monitoring and evaluation policy, the Indicator "Number of firms receiving USG supported assistance to improve their management" was archived and Indicator "Number of private sector firms that have improved management practices as a result of USG assistance" was introduced instead. AgBiz has made modification to the list of PMP Indicators by including this new Standard Indicator under USAID Foreign Assistance Framework Program Element 4.6.2 Private Sector Capacity and set targets accordingly. In addition, Data Quality Assessment check list for this newly established Standard Indicator was completed by USAID's M&E Specialist. The modified version of the PMP was submitted to USAID for review and approval;
- The AgBiz M&E System and reporting procedures were presented to the selected LFs during the FY'12 Annual Work Plan Workshop and the Award & Capacity Building Training. Templates of M&E instruments that will be utilized for tracking progress towards achieving AgBiz Extension Indicators were also disseminated. All M&E forms for data collection and reporting, as well as

details on reporting procedures were also included in the Handbook (*For more details, please see "Handbook for AgBiz Lead Facilitators" included on the CD-ROM version of this report*);

- As a segment of USAID's Portfolio Review actual results of Standard Indicators achieved in FY'11 were provided; Also, an update of the Trade Capacity Building Survey for FY'11 was also made; and
- RAISE PLUS Semi-Annual Report presenting results achieved in the period from March 19-September 30, 2011 was finalized

1.10.2 Activities Planned for the Next Quarter

- Coordinate data collection for Indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities for CY'11 from both AgBiz supported VCs' Lead Actors; and
- Continue updating input and maintain the internal Management Information System to assure proper implementation of data collection methodology, data quality assessment and reporting.

1.10.3 Quantitative Performance Indicators

Achievements on quantitative indicators that are reported on Quarterly basis are shown in Table 2 below.

Given the complexity of majority of the Activities planned by subcontracted VC and Non-VC LFs, the timeframe for implementing such Activities is extended for more than one Quarter period. Accordingly, the outputs of these longer-term Activities will be delivered in the forthcoming period. For this reporting period, impact on selected Indicators is noted as "In Progress" and actual results achieved will be presented when Activities are completed.

TABLE 2. FIRST QUARTER ACHIEVEMENTS						
Indicator Number	Indicator Title	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'12 TO DATE	FY'12 TARGETS	PERFORMANCE (in %)
IR 1.1	Increased domestic and export sales resulting from the activities of local partners					
1.1.1.1	Number of new varieties and products from the supported VCs developed	N/A	In Progress	In Progress	16	N/A
1.1.1.3	Number of export capacity enhancement activities for Invest Macedonia	N/A	N/A	N/A	TBD	N/A
IR 1.2	Improved competitiveness and productivity of targeted value chain participants resulting from the activities of local partners					
1.2.1	Number of private sector firms that have improved management practices as a result of USG assistance	N/A	238	238	1,293	18%
1.2.2	Number of new technologies or management practices introduced	N/A	10	10	41	24%
1.2.1.2	Total number of individuals who have received USG supported short-term agricultural training	N/A	196	196	3,258	6%
1.2.1.2 a	Number of male individuals who have received USG supported short-term agricultural training	N/A	144	144	2,445	6%
1.2.1.2 b	Number of female individuals who have received USG supported short-term agricultural training	N/A	52	52	813	6%
1.2.1.3	Number of capacity-building service providers receiving USG assistance	N/A	11	11	55	20%
IR 1.3	Strengthened strategic planning and policy making of GoM and private sector partners					
1.3.1	Number of policy reforms / regulations / administrative procedures drafted and presented for public / stakeholder consultation as a result of USG assistance	N/A	In Progress	In Progress	4	N/A
1.3.1.1	Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed	N/A	1	1	10	10%

TABLE 2. FIRST QUARTER ACHIEVEMENTS						
Indicator Number	Indicator Title	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'12 TO DATE	FY'12 TARGETS	PERFORMANCE (in %)
1.3.1.1a	Number of policy reform needs identified	N/A	2	2	12	17%
1.3.1.2	Number of Sector Export Promotion Strategies developed	N/A	In Progress	In Progress	TBD	N/A
1.3.1.3	Number of advocacy capacity building activities implemented	N/A	In Progress	In Progress	9	N/A
1.3.1.4	Number of VC entities who have received advocacy capacity building training	N/A	In Progress	In Progress	34	N/A
1.3.1.5	Number of individuals who have received advocacy capacity building training	N/A	In Progress	In Progress	245	N/A
IR 1.4	Increased access to finance in the agriculture saector resulting from the activities of local partners					
1.4.1	Value of loans facilitated from non-DCA and DCA-supported finance institutions (in 000 USD)	N/A	In Progress	In Progress	4.000	N/A
1.4.1.1	Number of SMEs receiving USG assistance to access bank loans or private equity	N/A	In Progress	In Progress	20	N/A
1.4.1.2	Value of customer financing need identified (in 000 USD)	N/A	In Progress	In Progress	925	N/A
1.4.1.3	Value of value chain participants investment stimulated (in 000 USD)	N/A	305	305	1.537	20%

I.10.4 FY'12 Activities Implementation Status Report

Table 3 below shows the status of all Activities at the end of the Quarter, as well as the Activities planned to be initiated in the next Quarter (listed in the first section of the Table). Under section entitled “Being Developed” is listed Activities for which detailed Activity Description was being developed and submitted to AgBiz by the LFs for further review and approval. The following section “Being Implemented” is listing Activities that are approved by both AgBiz and USAID; agreements with partners and participants were being signed and are underway at the end of the Quarter. Brief Activity Objective, Total Cost and AgBiz Share projections are also shown for all of the Activities in compliance with the Budget allocated during the Annual Work Plan sessions.

The last section entitled “Completed” presents the Activities (or first phases of some of the longer-term Activities) completed at the end of the Quarter, as well as the achieved impact of completed Activities (or phases of a given Activity). These Activities had a total cost of \$126,055 to which AgBiz contributed 34% (considering anticipated Total Cost for some of the Activities which only a phase is completed). Ten (10) new technologies or management practices were introduced to 198 representatives from 100 agribusinesses that participated in AgBiz supported Activities. The participants gave the Activities an average level of satisfaction score 4.7 out of 5.0.

TABLE 3. ACTIVITIES STATUS REPORT

MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			ACTIVITY DESCRIPTION/OBJECTIVE
			TOTAL	AGBIZ	AgBiz Percentage	
PLANNED FOR THE NEXT QUARTER						
150	Technical on-field Assistance for Modern Production Technology of Table Grapes	FF&V	14.280	8.280	58 %	Improved productivity and competitiveness of the table grapes produced in accordance with the EU market demands
905	Educational Brochure on Innovative Financial Products Available in Macedonia	AtF	6.000	6.000	100 %	Overcome the asymmetric information flow between supply and demand that results into lack of knowledge of the existing and available financial products
243	Organization of Networking Event with Non-traditional Export Markets through Conference and B2B Meetings	FF&V	45.005	34.355	76 %	Increased potential for non-traditional market presence and increased export sales
904	Acquiring and Dissemination of International Market Data	PV	16.000	8.000	50 %	Strengthen capacity of MAP by developing new services to members and non-members; Increased capacity of PV VC to more effectively plan and execute marketing and promotional activities
624	Facilitation/implementation of contract farming	PV	99.364	49.364	50 %	Improve the overall welfare of the farming community through stabilizing sales of their horticulture products; secure stable quantities and qualities of raw materials purchased by the processing industry
622	Development of the tailor made training curricula for VC' representatives and representatives from GoM bodies	PPD	1.350	1.350	100 %	Achieve efficient and effective dialogue and steer process of developing policies and institutional reforms
151	Organization of the first training sessions - Training delivery for VC participants	PPD	15.420	12.420	81 %	Develop and enhance the business management and personal competencies of wide range of target groups
627	Development of long-term National Farming Strategy	SOF	24.000	20.000	83 %	Technical support to MAFWE in the process of preparation a Multi-annual Strategy for Improvement and Monitoring of Milk Quality needed to adjust and improve the dairy sector to the newly modification of the EU Common Agricultural Policy
628	Preparation of 11 studies for PDO and PGI Registration	SOF	21.600	18.000	83 %	Provide technical support to MAFWE in the process of preparation of guidelines for PDO and PGI for specific 11 (eleven) Macedonian agriculture products
244	Presentation of a modern production systems of all targeted VCs through organization of a Study Tour	FF&V	50.008	20.008	40 %	Technology and management practice transfer improvement; potential new market linkages
BEING DEVELOPED						
149	Introduction of New Varieties and New Vegetable Production Technologies	PV	27.000	19.000	70 %	Improve cooperation between primary producers and PV members and increase competitiveness of Macedonian PV VC
325	Fruit Logistica 2012	FF&V	26.800	7.090	26 %	Improve linkages with potential new markets and technology transfer
625	Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material	FF&V	14.100	7.100	50 %	Increase awareness and interest for local production of high quality certified planting material of demanded table grape varieties; technology transfer
626	Supporting sustainable and continuous domestic production of high quality, certified, market demanded apple planting material	FF&V	13.625	6.625	49 %	High quality production and increase productivity, diversification of production and increase income
627	Support to the process of compliance of the primary production with the requirement of the buyers and the market demand	FF&V	24.200	9.200	38 %	Improve integration of the supply value chain for fresh pepper production through uniformed production and higher yields
629	Modification of the National Agriculture and Rural Development Strategy (NARDS)	SOF	13.800	11.500	83 %	Technical support to MAFWE in the process of modification and updating of the current Strategy, needed to bring the processes closer to the newly presented modification of the EU Common Agricultural Policy
BEING IMPLEMENTED						
148	Matchmaking Events for Fresh Fruit and Vegetable and Processed Vegetable Value Chains (Phase 2)	AtF	12.300	3.400	28 %	Match the companies that need financing with sources of financing and educate companies and farmers about finance management and specific financial products dedicated to their target group
621	Development of Interactive Web Portal for PV VC	PV	2.000	1.000	50 %	Increase efficient communication of MAP and non-MAP members; Deployment of a brokerage tool for internal exchange and external sales

TABLE 3. ACTIVITIES STATUS REPORT

620	Development and Implementation of Tailor Made ERP	PV	20.000	10.000	50 %	Improve productivity of the companies, improve cost allocation and their reduction; and advanced management practices embraced by the PV VC members
902	Needs Assessment and Developing Tailored Training Programs created for VC Participants using Participatory Approach	PPD	2.940	2.940	100 %	Identification of training needs for FF&V and PV VCs representatives and GoM employees related to building their capacity for establishing effective PPD and creating a comprehensive tailor made training curricula
903	Preparation of VC Baseline Screening through Focus Group Discussions (Phase 2)	FF&V	32.250	16.110	50 %	Setting up a mechanism for continuous monitoring of a VC performance on a primary production level
628	Helping companies access finance by cost-sharing the services of IC FP pool of Financial Facilitators	AtF	59.840	18.500	31 %	Help companies from AgBiz supported VCs to successfully access finance through managing the pipeline of projects, ensuring that all results accomplished by FF are properly monitored and reported

COMPLETED

MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			# of New Varieties/ Products Developed	# of Private Sector Firms participating in AgBiz supported Activities	# of New Technologies/ Management Practices Introduced	# Male Individuals who have Received Training	# Female Individuals who have Received Training	# of Capacity Building Service Providers receiving Assistance	Average Evaluation Score
			TOTAL	AGBIZ	AgBiz Percentage							
139	AgBiz Capacity Building Workshop for Lead Facilitators	All	N/A	N/A	N/A	N/A	6	1	5	13	4	N/A
147	Training in Post Harvest Technology	FF&V	20.511	7.778	38 %	N/A	7	4	40	20	N/A	4,2
148	Matchmaking Events for Fresh Fruit and Vegetable and Processed Vegetable Value Chains (Phase I)	AtF	12.300	3.400	28 %	N/A	16	N/A	19	4	3	N/A
242	Buying Mission of German Importers in Macedonia	PV	10.152	2.984	29 %	N/A	6	2	6	1	N/A	4,8
324	Visit to Anuga 2011 and Contacts with Export Buyers	PV	15.798	3.724	24 %	N/A	8	3	6	2	N/A	5,0
618	Identification of the Relevant VC Participants for Advocacy and Private Public Dialogue	PPD	4.212	1.980	47 %	N/A	0	N/A	N/A	N/A	N/A	N/A
619	Inclusion of Relevant GoM Bodies and other Non-government Organizations related to FF&V and PV VCs Policy and Advocacy Issues	PPD	2.132	1.220	57 %	N/A	0	N/A	N/A	N/A	N/A	N/A
901	Annual Agriculture Report for 2010	SOF	7.200	6.000	83 %	N/A	0	N/A	N/A	N/A	N/A	N/A
903	Preparation of VC Baseline Screening through Focus Group Discussions (Phase 1)	FF&V	32.250	16.110	50 %	N/A	57	N/A	68	12	4	N/A
623	Upgrade of the Financial Platform of Access to Finance Methodology	AtF	21.500	0	0 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL			126.055	43.196	34 %	N/A	100	10	144	52	11	4,7

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:

- Presented AgBiz Outreach and Communication activities and procedures at the Capacity Building Workshop for Lead Facilitators (October 26-27, in Skopje);
- Participated on the two-day workshop on “Video as a Tool for Outreach” organized by USAID DOC office;
- Developed and shared press release on Access to Finance Matchmaking event in Strumica that was published in 8 print and electronic media (*For more details, please see the CD version of this Report*);
- Compiled Press Clippings released during the period July-September, 2011 (*For more details, please see the CD version of this Report*);
- Provided assistance on outreach procedures and marking compliance for the:
 - Invitation for Matchmaking event in Strumica;
 - Article on “Post-Harvest Management Techniques Training“, written by one of the training participants and published in Moja Zemja;
 - Invitation for the Focus Groups Discussions activity;
 - MAFWE’s Annual Agricultural Report.
- Attended USAID’s Economic Growth Sector informal gathering with the media where the work of the AgBiz Extension was presented to the editors in chief of print and electronic media and journalists who focus on economy and agribusiness;
- Completed adjustment and update of the existing AgBiz web site in accordance with the AgBiz Extension scope of work and relevant USAID standards and regulations; and
- Provided monthly input on AgBiz activities for USAID’s EG Office Events Calendar.

I.11.2 Activities Planned for the Next Quarter

- Provide monthly input on AgBiz activities for the USAID’s EG Office Events Calendar;
- Develop press clippings for the USAID Development Outreach and Communication office and the next quarterly report;
- Communicate press release on second Matchmaking Event to be held in Kavadarci on January 31, 2011; and
- Develop press release on launching of the Interactive Web Portal for processed vegetables value chain members.

2.0 FINANCIAL REPORT

The First Quarter financial report is shown below. The report indicates that with the latest USAID approved Contract Modification to incrementally fund the Task Order by \$750,000, thereby increasing the total obligated amount from \$6,350,000 to \$7,100,000 which is estimated to cover expenditures through September 30, 2012. Thus 77% of the program term is completed, 73% of the total budget has been invested. Expenditures to date are consistent with plan.

CONTRACT No. EDH-I-03-05-00006-00 Macedonia AgBiz Quarterly Report CONTRACT EXPENDITURES through December 31, 2011					
Category	Contract Budget	Incurred as of 9/30/2011	Quarterly Costs 10/1/11 - 12/31/11	Total Costs Accrued as of 12/31/11	Remaining
Total All Other Costs	\$ 7,478.639	\$ 5,190.563	\$ 127.908	\$ 5,370.292	\$ 2,108.346
Grants	\$ 465.024	\$ 465.024	\$ 0	\$ 465.024	\$ 0
SUB TOTAL CONTRACT COSTS	\$ 7,943.663	\$ 5,655.587	\$ 127.907	\$ 5,835.316	\$ 2,108.347
FEE	\$ 345.664	\$ 212.845	\$ 5.756	\$ 220.933	\$ 124.731
TOTAL CONTRACT COSTS	\$ 8,289.327	\$ 5,868.432	\$ 133.663	\$ 6,056.249	\$ 2,233.078

3.0 REPORTS PRODUCED DURING THE QUARTER

3.1 EXTERNAL REPORTS

3.1.1 Outreach Releases

AgBiz's Press clippings Oct-Dec 11

Press Release AgBiz Matchmaking Event for FF&V and PV VCs

3.1.2 Success Stories

USAID's AgBiz Success Story - Anuga 2011

USAID's AgBiz Success Story - Post Harvest Technology Transfer (UC Davis Training)

3.1.3 Technical Materials

AgBiz's Lead Facilitators Handbook

Environmental Checklist

Annual Agriculture Report for 2010

3.2 INTERNAL REPORTS

Activity Result Report "Post-Harvest Technology Training"

Activity Result Report "Visit to Anuga 2011 and Contacts with Export Buyers"

Activity Result Report "Buying Mission of German Importers in Macedonia"

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