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# AGBIZ PROGRAM

THIRD FISCAL QUARTER REPORT 2012  
APRIL-JUNE 2012

JULY 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

AD	Activity Description
AtF	Access to Finance
ASAP	Agriculture Strengthening and Accession Project
B2B	Business to Business
BSP	Business Service Provider
CAP	Common Agricultural Policy
CBI	Dutch Centre for the Promotion of Imports from Developing Countries
CeProSARD	Center for Promotion of Sustainable Agriculture and Rural Development
CFR	Code of Federal Regulations
CIPOZ	Center for Applied Research and Permanent Education in Agriculture
CO	Contracting Officer
CoP	Chief of Party
COR	Contracting Officer's Representative
CRM	Customer Relationship Management
CY	Calendar Year
DPL	Development Policy Loan
EG	Economic Growth
EU	European Union
EPA	Environmental Protection Agency
FACE	Foundation Agro-Center for Education
FDI	Foreign Direct Investment
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FP	Financial Platform
FY	Fiscal Year
GLOBALG.A.P.	GLOBAL Good Agricultural Practice
GoM	Government of Macedonia
HACCP	Hazard Analyses and Critical Control Points
IC	Innovation Center
IDEAS	Investment Development and Export Advancement Support/USAID funded
IFS	International Food Standard
IFV	Innovation Financing Vehicle Project
IM	Invest Macedonia
IPM	Integrated Pest Management
IPARD	Instrument for Pre-Accession Assistance for Rural Development
ISC	Integrated Supply Chain
ISO	International Organization for Standardization
IT	Information Technology
LF	Lead Facilitator
LoP	Life of Program
M&E	Monitoring and Evaluation
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MAEA	Macedonian Agro Exporters Association
MAP	Macedonian Association of Processors
MASIT	Macedonian Chamber of Information and Communication Technologies
MBPR	Macedonian Bank for Development Promotion
MCG	Macedonian Consulting Group
MK	Macedonian
MoE	Ministry of Economy

MRR	Microenterprise Results Reporting
NARDS	National Agriculture and Rural Development Strategy
NEA	National Extension Agency
NPD	New Product Development
PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
PGI	Protected Geographic Indication
PDO	Protected Designation Origin
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
SARIO	Slovak Investment and Trade Development Agency
SEE	South-East Europe
SEMP	Sector Export Marketing Plans
SIDA	Swedish International Development Agency
SIPPO	Swiss Import Promotion Programme
SNV	Netherlands Development Organization
SOF	Special Opportunity Fund
SoW	Statement of Work
STA/M	Senior Technical Advisor/Manager
STTA	Short-term Technical Assistance
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TCN	Third Country National
TtARD	Tetra Tech Associates in Rural Development
TPP	Traditionally Produced Product
US	United States
USAID	United States Agency for International Development
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:** During this Quarter (April-June 2012) AgBiz made significant progress in implementation of all Program components. AgBiz staff continued to provide direct guidance and support to Lead Facilitators to successfully develop and implement a number of activities for strengthening the competitiveness and capacity of the private sector in the two supported value chains. AgBiz also organized competitive bidding and signed a subcontract with Macedonia Export to be the Lead Facilitator for Developing Sector Export Marketing Plans for Fresh Fruit and Vegetables and Processed Fruit and Vegetables value chains. AgBiz maintained very good coordination with all relevant institutions particularly Ministry of Agriculture Forestry and Water Economy and the Agency for Foreign investments and export promotion and other stakeholders in the agribusiness sector. The program coordinated a field visit for USAID representatives Joseph Lessard, Director of Economic Growth office, COR Meri Cuculoska, to EkoOaza LA from Vinica and reviewed accomplishments resulting from AgBiz support. This Quarter AgBiz issued one (1) press release, one (1) significant media advisory published in 57 print and electronic media and 2 success stories.

**Increased Domestic and Export Sales and Improved Competitiveness and Productivity:** In the third quarter of AgBiz Extension, both VC Lead Facilitators for FF&V and PV managed to complete 19 activities and have another 25 being implemented or are in the stage of development. All completed activities have considerable impact on strengthening the 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. In regards to their structural and democratic governance, the Federation of Farmers of Republic of Macedonia as a key subcontractor to both AgBiz's VC Lead Facilitators continued the process of reorganization, elected new Executive Director and received additional technical support from Swedish SIDA to overcome the problems. Throughout the quarter AgBiz Lead facilitators successfully executed several activities where FFRM was their subcontractor. AgBiz will closely follow the developments and act to maintain smooth implementation of joint activities with FFRM.

**Increased Productivity, Competitiveness and Sales for Fresh Fruit and Vegetables Value Chain:** During the quarter, AgBiz assistance in the FF&V VC continued through focused efforts of EpiCentar as a Lead Facilitator of this component to strengthening the supply chain integration and increased productivity, competitiveness and sales for Apple/Fresh Fruits, Table Grapes and Peppers/Fresh Vegetables. Provision of technical assistance at all levels and players within the VC were aimed at improving the planting material, production technology and standardization and market linkages of supported VC participants. Three VC screenings targeting the three products: apple/fruits, pepper/vegetables and table grapes were distributed and published on line and key findings were presented during this quarter Focus Group discussions. Improvement of overall table grapes and apple productivity continued through comprehensive technical on-field assistance to modernize table grape production technology including development of a Y trellising system at Agro Lozar, reduction of the influence of weak fertilization for increased standardization in quality of Victoria table grape, direct impact of anti-hail nets etc. The experts provided also technical assistance for procurement of planting material as a prerequisite for establishing the grounds for later production of certified planting material. Organized Study Tour to Italy provided an opportunity for participants to get acquainted with new apple and table grapes varieties, see the operations in an advanced packaging and distribution center, participate at auction sales and meet with traders, and visit research institutes and nurseries that produce planting material and use improved post-harvesting techniques. As an initial step in organization of networking events with non-traditional export markets through conference and B2B meetings Epi Centar coordinated a workshop with VC representatives and other stakeholders to prioritize three non-traditional markets that have high export potential. Later, experts from selected export markets will conduct in-depth analysis of those markets and match potential importers with the Macedonian exporters of each of the three products apples, table grapes and peppers and organize B2B events in Macedonia. Due to a longer winter season this year and a late start with preparation for the activity "Introduction and

promotion of the production of new fresh pepper types/varieties attractive for the EU fresh market (bell pepper)", Epi Centar requested this activity to be replaced with the activity on "Provision of comprehensive technical on-field assistance for modern post-harvesting apple technology" and that they be allowed to re-allocate funds from their Activity 5 to Activity 6.

**Increased Productivity, Competitiveness and Sales for Processed Vegetables Value Chain:** During this quarter AgBiz through its subcontractor MCG, as Lead Facilitator for Processed Vegetables VC, completed a significant number of competitiveness enhancement activities or phases of activities (longer term) that directly contributed towards enhancing productivity and increasing domestic and export sales and the overall competitiveness of the processed vegetables VC. Based on the request made by German importers while participating at Anuga 2011 and during a subsequent buying mission of German importers to Macedonia, four PVLAs began to implement the IFS standard. During the above-mentioned study tour and the B2B implemented in Australia this quarter, participating companies strengthened current and established business contacts with potential new importers and distributors. In less than three months these activities resulted in 910,000 US\$ worth of export sales. Through visiting the International Agricultural Fair and the Institute of Field and Vegetable Crops in Novi Sad, 52 participants (including supply chain farmers, NEA, FFRM and participants from BSPs that offer agricultural services) had an opportunity to observe, learn about certain agri-techniques and mechanization that can improve productivity and upgrade standardization of products at the primary production level. This knowledge and its practical application in Macedonia will strengthen the competitiveness of the overall SC and improve income generation among primary producers. In addition, this quarter MCG organized a training program for farmers focusing on the adoption of EU requirements, thereby increasing the knowledge of vegetable producers and processors about EU requirements and the need to adopt upgraded production practices. The training improved SC actors' overall capacity to implement the latest community standards.

On-going activities this quarter included the provision of technical assistance focusing on the implementation of Global Gap, the introduction of new varieties and technologies related to farming and processing, the utilization of contract farming opportunities and an activity focusing on improving the supply of production inputs and improving the management attitudes of PV VC members in regards to food safety, the elimination of potential hazards and improving cooperation with raw material suppliers. Access to Euromonitor international market data "Passport" enabled companies' easier and more efficient external communication with potential buyers and expanded export sales possibility. An interactive web portal supported by AgBiz increased coordination and cooperation between MAP members and non-members, led to improved use of useful links, announcements and publicly available documents by all interested parties and improved visibility of MAP and individual companies.

**Support for Invest Macedonia (IM):** During the quarter, AgBiz in collaboration with the Economic Promoter of Invest Macedonia in Poland, coordinated follow up on the Study Tour and B2B in Warsaw. In April, IM supported two companies to participate at the 1<sup>st</sup> Forum of Traders and Producers from CEE Wholesale Markets to further strengthen their understanding of the challenges of modern trade and various forms of cooperation between producers/ traders and wholesale markets in CEE. From May 28<sup>th</sup> to June 6<sup>th</sup> AgBiz together with IDEAS supported Invest Macedonia to successfully coordinate a Study Tour and "road show" presentations of Macedonian Wineries in the US. Three promotional events were organized in Washington DC on May 30<sup>th</sup>, hosted by the Embassy of the Republic of Macedonia, on May 31<sup>st</sup> in Chicago, including wine tasting and Business to Business (B2B) meetings with importers and distributors and a promotional event on June 5<sup>th</sup> in New York City. The last was coordinated by a professional Wine PR Agency engaged by AgBiz and attracted most relevant wine media and critics, sommeliers and wine merchants. All expressed very positive impressions of Macedonian wines, proposed opportunities for cooperation and encouraged Macedonian wineries to expand sales in US. The Program also supported the agency in organizing a visit to well established Export Promotion Agencies in Slovakia and Czech Republic which play a strong export promotion function and which have models similar to Macedonia wine marketing. AgBiz contributed to the development of Invest Macedonia's IT system by collecting and uploading (into their system) data and a directory of export companies working in main Agribusiness sub-sectors: Fresh Fruit and Vegetables, Processed Fruit and Vegetables, Wine, Meat and Dairy. On 21<sup>st</sup> June AgBiz together with IDEAS supported an export promotion planning workshop coordinated and hosted by Invest Macedonia. AgBiz presented the concept for developing Sector Export Marketing Plans as well as the processes for FF&V and PF&V value chains as a model for defining concrete vision and encouraging companies' commitment to a joint approach to export promotion rather

than individual efforts. This also represents a viable platform for cooperation with Invest Macedonia in the implementation of activities to support export promotion.

***Enhanced Agricultural Business Environment:*** AgBiz continued to utilize several components designed to enable a better agricultural business environment for exporters and producers. During the quarter, AgBiz worked on strengthening the mechanisms for advocacy and sustainable public-private dialogue, improvement in the policy and institutional framework of supported value chains and capacity building of value chain participants and GoM representatives and continued to successfully support companies and farmers to access to most adequate finance through the financial platform.

***Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund:*** During this quarter the MAFWE initiated three activities from the Activity list and one on secondary legislations (by-laws) was completed. In the course of this quarter three prioritized by-laws including (1) Development the Rulebook laying down the rules and conditions for granting of financial support for storage, needed documentation, beneficiaries, financial support, storage conditions and the type and quality of grains; (2) Revision for improved calculation and aggregation of data for the Farm Accountancy Data Network with Standard Coefficients; and (3) Preparation and compliance with the EU regulations 32007R0491 and 32007R1234 of all 9 (nine) headings of the wine law were completed through the Special Opportunity Fund. The completion of the a long-term National Dairy Strategy was postponed until the end of July 2012 due to the structural and staff changes in the GoM agencies for Food and Veterinary. After the assessment of the proposed products, entities and costs for Protected Designation Origin (PDO)/ Protected Geographic Indication (PGI) registration was finished, the main activity aimed at completing the guidelines was initiated and is expected to finish by October.

***Policy and Institutional Reform Needs Identification, Prioritization and Analyses:*** During this quarter the Lead Facilitators identified four (4) needs for Policy and Institutional Reform. AgBiz addressed and finished the work throughout this quarter on the following PIRNs: Lack of development effects in the Agricultural sector from the National Subsidies Program within the period from 2005 to 2011; and lack of capacity for strategic planning in agriculture within the Government of Macedonia. The PIRNs identified during this quarter and still not selected for addressing are: High import duties for off season import of fresh produce for processing; Payment of additional subsidies for farmers that contract with the industry; Research study for the reasons why the cooperative do not function; and Implications on the primary sector with potential lifting of import barriers on main agricultural products. Please see more details in the PIRN section of this report.

***Development of VC Export Strategies and Plans for the FF&V and PV VCs:*** AgBiz issued a new RfP with a slightly modified SoW to solicit proposals for a Lead Facilitator to work with the experts from the Dutch Centre for the Promotion of Imports from developing countries (CBI) and IM, liaise with other stakeholders including MAFWE, MoE, Chambers of Commerce etc. and coordinate all logistics for working sessions aimed at developing Sector Export Marketing Plans for the PV VC and for FF&V VC. Only one proposal was received from Macedonia Export Company that was positively evaluated by the evaluation committee. AgBiz subcontracted Export Macedonia Company as Lead Facilitator to coordinate development of Sector Export Marketing Plans for the PV VC and for FF&V VC. AgBiz coordinated a two-day Kick-off meeting to introduce the Sector Export Marketing Plans (SEMPs) concept based on the experience of CBI and AgBiz in creating the SEMP for Wine. During the first day, AgBiz and CBI presented the process to MAFWE, MoE and other related institutions. On day two the team outlined the steps needed to develop SEMPs with a wider group of FF&V and PF&V VC participants and other stakeholders. CBI's international expert presented preconditions for exporting to the European Union, the Process for Developing Sector Export Marketing Plans and concrete follow-up measures and next steps toward the development of a cooperation Program detailing planning, leaders, organization, logistics, drafting teams etc. A concrete plan on how to work with the local Lead Facilitator and all relevant stakeholders to develop the Sector Export Marketing Plans and a tentative schedule of future workshops was agreed.

***Public Private Dialogue and Organizational Advocacy Capacity Enhancement:*** During the reporting period the project team completed a training needs assessment for both target groups: VC representatives and GoM employees. As a result of the assessment, tailor made Training curricula has been prepared. In line with the proposed curricula, three training sessions were organized during the reporting period: Training in Strategic planning (representatives from the Subsector Standing Groups for

F&V), Training in Advocacy and Lobbying through building multi-stakeholder partnership and cooperation (VCs representatives) and Improvement of the Policy Creation and Implementation Process through participative and inclusive approaches (employees in GoM institutions and employees in VC organizations).

***Enhanced Access to Finance:*** During this quarter, IC continued its AtF activities in the FFV&PV VCs. IC continued to educate companies and farmers on the various financial tools available on the market by disseminating a brochure featuring over 15 alternative financial products. Furthermore, IC co-organized one educational event for companies and farmers from the FFV&PV VCs in April, in Kavadarci, together with EPI Center. One matchmaking event was co-organized with Foundation Crimson Capital and AgBiz, where companies and Financial Facilitators (FF) were introduced to USAID Innovation Financing Vehicle (IFV) Project. IC continued supporting access to finance projects by cost-sharing the FFs fee. This last activity resulted in 8 companies' successful access to finance.

***Monitoring and Evaluation:*** Data collection for indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities in CY 2012 Second Quarter was coordinated and data quality verified. Progress toward achieving both qualitative and quantitative program objectives was very satisfactory during the quarter. Over 72% of the indicators are on-schedule or are being overachieved at the end of this reporting period.

# I.0 FIRST QUARTER ACCOMPLISHMENTS

## I.1 PROGRAM DEVELOPMENT AND IMPLEMENTATION

### I.1.1 Actions Completed during the Quarter

During this Quarter AgBiz continued to assist its Lead Facilitators (LF) in implementing standardized management practices in line with United States Agency for International Development (USAID) rules and regulations, related to purchasing, subcontracting, activity implementing, monitoring and evaluation and reporting policies and procedures. In addition, most of the LFs with whom Tetra Tech ARD (TtARD) subcontracts have increased their capacity in implementing the knowledge, skills, and template documents needed to properly carry out USAID subcontracts, and follow the established procurement procedures. AgBiz staff's role is becoming more of a supervisor, as compared to the previous period when the LFs needed direct assistance in demonstrating the Project management practices in line with ARD and USAID rules and regulations.

The Quarterly Financial Report indicates an increase of 27% in the burn rate due to LFs implemented activities entering into implementation and completion phase. Also during this Quarter, AgBiz approved and signed subcontracts worth 39% more than during the previous Quarter.

#### **Compliance/USAID Approvals**

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

- Received Contracting Officer (CO) and COR approvals and consent for LFs Contracted Activities implemented by:
  - a) EpiCenter for Fresh Fruits and Vegetables (FF&V) Value Chain (VC) LF;
  - b) Macedonian Consulting Group (MCG) for Processed Vegetables (PV) VC LF;
  - c) Innovation Center (IC) for Enhanced Access to Finance for participants in the FF&V and PV VCs;
  - d) Center for Promotion of Sustainable Agriculture and Rural Development (CeProSard) for Strengthening Public Private Dialogue (PPD) through the Increased Utilization of Effective Advocacy;
  - e) Ministry of Agriculture, Forestry and Water Economy (MAFWE) on managing and implementation of the Special Opportunity Fund (SOF) and
  - f) Invest Macedonia, Agency for Foreign Investments and Export promotion of the R. Macedonia.
- Received CO and COR approval of:

Short-term technical assignments for International and local consultants to provide in-country assistance to AgBiz.

#### **Compliance/ MK Laws & TtARD Policies & Procedures**

- Assisted LFs in Activity Implementation:
  - a) Contract Mods issued for all approved activities for increasing the subcontractor's obligated funding;
  - b) Reviewed Activity Descriptions Budgets;
  - c) Sub-sub-contractor procurement, purchasing and contracting procedures;

- d) Final cost-sharing;
- e) Financial Reporting and payments;
- f) Reimbursed all Value Chain Lead Facilitators (VCLF) for previous month's expenses.
- Maintained AgBiz Monthly Subcontracts Report.
- Successfully completed procurement procedure for selecting a Lead Facilitator for Sector Export Marketing Plans for FF&V and PF&V VCs

### Improved Budget Control

During this Quarter, and per TtARD internal policies and procedures, the following Reports were produced to maintain and establish improved Budget control:

- a) FY '11 Annual Tax Report prepared and submitted to USAID.
- a) Monthly AgBiz Budget to Actual FY'12;
- b) AgBiz Quarterly Budget Projections and Burn rate for remaining of FY'12 and LoP;
- c) Quarterly Budget Accruals Report for FY'12 Third Quarter;
- d) Quarterly Financial Report;

In addition DCOP Finance, Administration, HR & Compliance and the Finance and Outreach Specialist successfully completed Tt/ARD Internal Accounting Training

### Human Resources

- Completed Staff Performance Evaluation for previous 6 months and Plan for staff due for Evaluation.
- All local staff has acknowledged TT Code of Corporate Conduct.
- Maintained Monthly local hire Personnel Table.

### Agreements Signed Report

Table 1 below shows total number of Activity Descriptions approved by USAID and contracts signed during the Quarter worth \$279,933 or being a 39% increase in value of Activities approved and contracts signed during previous Quarter. All agreements were with Macedonian companies or individuals.

TABLE I. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS					
ACTIVITIES	EPICENTAR				
Activity Description	Type of Contract	SUMBITED TO USAID	USAID CO	Signed	US\$
Fresh Fruit & Vegetables VC Lead Facilitator	Hybrid	20-Oct-11	27-Oct-11	28-Oct-11	\$211.997
Management Fee					\$94.524
Activity Description	Type of Contract	SUMBITED TO USAID	USAID COR	Signed	US\$
Study Tour to Italy for FF&V VC.	AD	10-May-12	10-May-12	NR	\$17.860
Engagement of International technical production expert for Table Grapes planting material and table grapes production technology to transfer modern production systems and technology.	AD	11-Jun-12	11-Jun-12	NR	\$1.843
Provision of comprehensive technical on-field assistance for modern post-harvesting technology for apples	AD	14-Jun-12	14-Jun-12	NR	\$10.997
<b>SUBTOTAL</b>					<b>\$30.700</b>
ACTIVITIES	MCG				
Activity Description	Type of Contract	SUMBITED TO USAID	USAID CO	Signed	US\$
Processed Vegetables VC Lead Facilitator	Hybrid	18-Oct-11	27-Oct-11	28-Oct-11	\$180.874
Management Fee					\$70.776
Activity Description	Type of Contract	SUMBITED TO USAID	USAID COR	Signed	US\$
Technical assistance in implementation of IFS standard	AD	03-Apr-12	03-Apr-12	NR	\$8.000
Technical assistance in implementation of GlobalGap standard	AD	03-Apr-12	03-Apr-12	NR	\$5.000
Training program for farmers to strengthen competitiveness of the PV VC.	AD	18-Apr-12	18-Apr-12	NR	\$26.936
Visiting international Agricultural Fair and the Institute of Field and Vegetable Crops in Novi Sad	AD	18-Apr-12	18-Apr-12	NR	\$7.000

**TABLE I. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS**

Activity Description	Type of Contract	SUBMITTED TO USAID	USAID CO	Signed	US\$
New Product Development	AD	18-Apr-12	18-Apr-12	NR	\$6.000
Introduction of Contract Farming.	AD	18-Apr-12	18-Apr-12	NR	\$9.364
Survey of raw material supply, employment and sales performance of PV VC for 2011.	AD	18-Apr-12	18-Apr-12	NR	\$2.500
Introduction of Contract Farming	AD	26-Apr-12	08-May-12	NR	\$9.364
Survey of raw material supply, employment and sales performance of PV VC for 2011.	AD	08-May-12	08-May-12	NR	\$2.500
<b>SUBTOTAL</b>					<b>\$76.664</b>
<b>ACTIVITIES INNOVATION CENTER</b>					
Activity Description	Type of Contract	SUBMITTED TO USAID	USAID CO	Signed	US\$
Access to Finance Lead Facilitator Management Fee	Hybrid	19-Oct-11	27-Oct-11	28-Oct-11	\$41.200
					\$13.300
Activity Description	Type of Contract	SUBMITTED TO USAID	USAID COR	Signed	US\$
Matchmaking event organized by Innovation Center for the AgBiz Financial Facilitators and Lead Actors	AD	24-Apr-12	24-Apr-12	N/A	\$0
<b>SUBTOTAL</b>					<b>\$-</b>
<b>ACTIVITIES CeProSARD</b>					
Activity Description	Type of Contract	SUBMITTED TO USAID	USAID CO	Signed	US\$
Advocacy and Public Private Dialogue strengthening Management Fee	Hybrid	18-Oct-11	27-Oct-11	28-Oct-11	\$40.930
					\$9.840
Creation of training for Advocacy and PPD for the representatives of the private and GoM sectors	AD	14-May-12	14-May-12	NR	\$1.350
Delivery of training for Advocacy and PPD, to be organized by the LF CeProSARD and delivered by CIRA as a subcontractor.	AD	11-Jun-12	11-Jun-12	NR	\$15.420
<b>SUBTOTAL</b>					<b>\$16.770</b>
<b>ACTIVITIES SOF MAFWE</b>					
Activity Description	Type of Contract	SUBMITTED TO USAID	USAID COR	Signed	US\$
Special Opportunities Fund	MOU	18-Oct-11	25-Oct-11	N/A	\$122.970
Support to MAFWE on preparation of several issues legislative issues regarding: Food storage regulations; Farm Accountancy Data Network (FADN) amendment of calculation methods; and Law on wine.	AD	14-May-12	14-May-12	N/A	\$7.500
Supporting the MAFWE in development of Multi annual support program for agriculture, with the clarifications regarding the objectives and specific activities	AD	23-May-12	23-May-12	N/A	\$19.000
Preparation of studies for PDO/PGI registration for three selected products as part of the Special Opportunity Fund for the Ministry of Agriculture	AD	12-Jun-12	12-Jun-12	20-Jun-12	\$18.000
<b>SUBTOTAL</b>					<b>\$44.500</b>
<b>AGBIZ DIRECTLY SUBCONTRACTED ACTIVITIES</b>					
Activity Description	Type of Contract	SUBMITTED TO USAID	USAID COR	Signed	US\$
<b>INVEST MK</b>					
Collecting data and uploading directory of export companies in main Agribusiness sub-sector Processed Fruit and Vegetables, to contribute to development of the IT system of Invest Macedonia	FFPC MAP	2-Apr-12	3-Apr-12	12-Apr-12	\$1.750
Collecting data and uploading directory of export companies in main Agribusiness sub-sector Wine to contribute to development of the IT system of Invest Macedonia	FFPC Wines of Mk	2-Apr-12	3-Apr-12	12-Apr-12	\$1.750
Collecting data and uploading directory of export companies in main Agribusiness sub-sector Meat and Dairy to contribute to development of the IT system of Invest Macedonia	CA P. Kocarev	2-Apr-12	3-Apr-12	27-Apr-12	\$1.750
Collecting data and uploading directory of export companies in main Agribusiness sub-sector Fresh Fruit and Vegetables, to contribute to development of the IT system of Invest Macedonia	Consulting A. G. Georgievski	2-Apr-12	3-Apr-12	27-Apr-12	\$1.750
Special Project on Study Tour on Export to Slovakia and Czech Republic	AD	9-Apr-12	9-Apr-12	NA	\$5.079
Special Project on Study Tour on Export to Slovakia and Czech Republic	Consulting A.S. Stojanovska	9-Apr-12	9-Apr-12	11-Apr-12	\$401
Supporting the Invest Macedonia Agency to organize a Study Tour and Promotion of Macedonian Wines in the US	AD	1-May-12	1-Feb-15	NA	\$39.846
Euromonitor international market data in four sectors that were identified with greatest potential in achieving the export targets	AD	14-Jun-12	14-Jun-12	18-Jun-12	\$15.000
<b>SUBTOTAL</b>					<b>\$67.326</b>

**TABLE I. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS**

<b>PIRN</b>					
Tailor made training by the World Bank office in Washington DC for GoM representative.	MOU	19-Apr-12	19-Apr-12	20-Apr-12	<b>\$12.713</b>
<b>PV VC AgBiz Direct</b>					
Introduction of Contract Farming	FFPC FACE	26-Apr-12	08-May-12	15-Jun-12	<b>\$31.260</b>
<b>TOTAL DURING THE QUARTER</b>					<b>\$279.933</b>

### **I.1.2 Actions Planned for the Next Quarter**

#### ***Compliance/USAID approvals***

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

#### ***Compliance/ MK Laws & TtARD Policies & Procedures***

During this Quarter AgBiz will operate under USAID and TtARD Policies and Procedures.

#### ***Budget and Finance Management***

- During the following Quarter AgBiz will submit a Request to USAID for Increasing the Obligated Contract funding amount.
- Prepare Monthly Budget Projections reports, subcontractors' financial pipelines and control budget expenditures to successfully implement a highly leveraged activities' program.
- Prepare LF Subcontracts Final Financial reports.

#### ***Human Resources and Staffing***

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

#### ***On-going Monitoring and Control of all Subcontracts***

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

- Activity Descriptions;
- Sub-sub-contractor Statement of Work (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;
- Payment procedures; and
- Successful Subcontracts' Close out

### **I.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 updated the PERSUAP to ensure Program compliance with USAID environmental rules and regulations.

After updating the PERSAUP and reviewing activities descriptions for activities to be implemented by Lead Facilitators in 2012 and determination as whether or not any environmental impacts might be

expected, the International Environmental Specialist/consultant made recommendations for any mitigation measures that must be undertaken in order to ensure compliance with USAID environmental rules and regulations. AgBiz Program engaged a Local expert to deliver one day orientation training on environmental compliance to VC LFs, representatives of involved LAs, selected leading integrated farmers, suppliers of raw material and representatives of Federation of Farmers of the Republic of Macedonia (FFRM). All of them received training on safe use of pesticides and directions on how to make sure that all Subcontractor trainers, field extension staff and staff who interact with farmers will recommend PERSUAP conditions: (1) Use pesticide label-recommended Personal Protection Equipment for applying all pesticides; (2) Do not use pesticides containing Active Ingredients that are not Macedonia, European Union (EU), Environmental Protection Agency (EPA) or PERSUAP approved; and (3) Use pesticide safe use practices, training and safety equipment following GLOBAL Good Agricultural Practice (GLOBALG.A.P.). This training will allow the Program to ensure environmental and human health safety, while achieving Program goals.

The following ten Activity Descriptions for both Value Chains - fresh fruits and vegetables and processed vegetables 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; and
- Supporting sustainable domestic production of high quality, certified, market demanded apple planting material

### **Processed Vegetables Value Chain**

- Implementation of GLOBAL G.A.P. by farmers supplying raw materials for processing;
- Implementation of International Food Standard (IFS) (2 processing Companies);
- New product development for PV products;
- Facilitation/Implementation of Contract Farming; and
- Introduction of new varieties and new vegetables production technologies (introduction of yellow pepper).

## **I.1.4 Inclusive Development**

The U.S. Agency for International Development is committed to the inclusion of people who have physical and cognitive disabilities and those who advocate and offer services on behalf of people with disabilities. USAID's policy on disability is as follows: To avoid discrimination against people with disabilities in programs which USAID funds and to stimulate an engagement of host country counterparts, governments, implementing organizations and other donors in promoting a climate of nondiscrimination against and equal opportunity for people with disabilities. The USAID policy on disability is to promote the inclusion of people with disabilities both within USAID programs and in host countries where USAID has programs.

During this quarter, in order to promote inclusion and build commitment and capacity to address issues regarding persons with disabilities, USAID Macedonia conducted Inclusive Development Training for the project's staff representatives. AgBiz Chief of Party (CoP) and Outreach and Finance specialist attended the training and informed all other AgBiz staff on the conclusions and main requirements derived from this effort.

In compliance with the USAID's new guidance and requirements, starting this quarter, AgBiz Program will incorporate Inclusive Development Section in its Quarterly Reports where the disability inclusion efforts and actions will be reported.

During the following quarter AgBiz will conduct Inclusive Development Training for all staff members and lead facilitators in order to promote and ensure awareness and disability inclusion activities among local implementing partners.

### **1.1.5 External Cooperation and Coordination**

In order to optimize the impact on increasing the incomes for all participants in the two targeted value chains, by increasing exports, improving productivity, enhancing the agricultural business environment, and increasing access to finance, AgBiz and its subcontracted LFs have comprehensive and continuous cooperation and coordination with the USAID Mission, other private sector entities, donor projects, Chambers of Commerce as well as relevant Ministries and other Government of Macedonia (GoM) institutions. The Program is leveraging support through all participants in the FF&V and PV VCs, shares experiences, promotes learning from each other and jointly support activities. AgBiz and LFs cooperated during the quarter in the following ways, with other entities:

- Held a meeting with USAID's visitor Ms. Sandra Goshgarian, Senior Financial Markets Advisor from Washington DC and presented Program's activities with particular emphasis on the Access to Finance component.
- AgBiz held a meeting with World Bank team headed by Mr. Gabriel Goddard (Competitiveness assessment) currently working on the new Development Policy Loan (DPL) to discuss USAID/AgBiz comments on *MKD Trade Competitiveness Assessment FINAL DRAFT-Executive Summary* and analyze the need to identify impact including fiscal implications from possible off season reduction of import duties on fresh produce for processing in order to prolong the season and improve utilization capacity;
- Had a meeting with World Bank team: Ms. Malathi Jayawickrama (Task Team Leader) in charge of the Agriculture Strengthening and Accession Project (ASAP) and Ms. Asa Giertz (Economist) responsible for the Agriculture Public Expenditure Review to discuss AgBiz's related activities and opportunities for collaboration on the three-year Public Expenditure strategy to be developed by the GoM and MAFWE.
- AgBiz Management met with IFC technical team from the Investment Climate Advisory Services in Europe and Central Asia, represented by Ms. Violane Konar-Leacy, Project Manager, and discussed the identification of existing gaps, and next steps for the design and implementation of the South-East Europe (SEE) Trade Logistics project in Macedonia which aims to stimulate economic development of the countries in the Western Balkans by further reducing trade logistics constraints and harmonizing border clearance through regional cooperation.
- AgBiz CoP held a meeting with the Dutch Centre for the Promotion of Imports from Developing Countries' (CBI) local representative for Macedonia, Ms. Slavica Vampirdziska, and discussed details on cooperation for development of Sector Export Marketing Plans (SEMP) for FF&V and PV.
- AgBiz Management, together with COR, LFs for FF&V, PV and Advocacy and Public-Private Dialogue (PPD) held a meeting with Swedish International Development Agency (SIDA) Project Manager, Ms. Biljana Dzartova, responsible for its support program for the Federation of Farmers of the Republic of Macedonia (FFRM) to discuss current internal changes in the management of the FFRM, a subcontractor and partner in the implementation of project activities and analyze the parameters of potential threat to the prompt implementation of the activities.
- Initiated by Investment Development and Export Advancement Support (IDEAS) Project, AgBiz CoP participated at a meeting with the Minister for Information Society and Administration, Mr. Ivo Ivanovski, and discussed possible cooperation in regards to educational campaign for farmers in utilizing information technology planned by the Ministry.
- AgBiz team together with both VC LFs organized a meeting with Rural Development Network representatives implementing Development Grants Program funded project on the climate changes impact on Agriculture in Macedonia, also supervised by AgBiz COR for potential cooperation and their involvement in VC activities.
- EpiCentar met with Mr. Dejan Bishliev, director of the Macedonian - Russian Chamber of Commerce to discuss joint efforts in organizing participation of Macedonian FF&V companies at the World Food Fair in Moscow in September.

- MCG met with the representative of Macedonian- Russian Chamber, Mr. Besliev, and discussed possibilities for improved presentation of PV VC members on the Russian market.
- MCG met with Mr. Martinovski, General Director of Macedonian Bank for Development Promotion (MBRP) and discussed issues related to easier access to finance for PV VC members. After several meetings, a memorandum for cooperation between MAP and MBPR regarding easier access to finance for PV VC members was signed in May.

## **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 value<sup>1</sup> 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. This represents a potential threat to future sales of produce from Macedonia. At the same time, small sized plots, 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.

AgBiz assistance in the FF&V VC is implemented through focused efforts on strengthening the supply chain integration and increased productivity, competitiveness and sales for Apple/Fresh Fruits, Table Grapes and Peppers/Fresh Vegetables.

The total production of apple accounts for about 60% of the total fruit production in Macedonia. The average annual production of apples is around 120 thousand tons and is concentrated mainly in the Prespa region. The table grape value chain also has an important role in Macedonian agribusiness as exports account for around 8% of total exports of agricultural products and involves a large number of producers and businesses (15.489 primary producers in Y2010 or 9% of all producers according to the Ministry of Agriculture). In recent years, countries in the region are intensifying their own production of modern varieties, applying cutting edge technology, and are achieving high yields. As a result, the regional producers are increasingly taking over not only their domestic markets, but are becoming major competitors on third country markets as well. Pepper/Fresh Vegetables production of Macedonia is mainly organized by smallholder farmers which require significant capacity building and knowledge dissemination in terms of usage of varieties, production technologies, integrated pest management for crop protection, etc.

Changing the old varieties with those that are demanded on the markets and upgrading post-harvesting operations are some of the key areas of focus for AgBiz support to the FF&V VC. Selected LAs involved in producing rootstock and planting material are successfully implementing technical advice provided by the experts to improve the quality of production and adopt advanced practices for certifying the plants. However, these are all issues that require interventions at several levels within the value chain and significant time to address, exceeding the length of the project.

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 and market linkages aimed at supporting VC participants to resolve or diminish some of these problems.

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<sup>1</sup> Total export value Y2010 according SSO, US\$3.301.829.120

## **I.2.1 Activities Completed during the Quarter**

### **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 VC performance progress at the primary production level through established Focus Groups.

**Activity Summary:** Three separate VC screenings targeting the three products: apple/fruits, pepper/vegetables and table grapes are distributed and published on line on the websites of the AgBiz Program, LF-EpiCentar and FFRM. The findings from these VC screenings were presented this quarter during Focus Group discussions with all three value chain members.

The 3<sup>rd</sup> Apple/Fresh Fruits Focus Group discussion was organized on 03/04/2012 in Resen with 29 participants (13 primary producers, 3 LAs, 3 FFRM, 7 other VC stakeholders). LF – EpiCentar presented the main findings of the fresh fruits VC screening report, and discussed the issues of: (1) perspectives of the season Y2012, (2) the indicator matrix (3) expected vs. increased costs of production, (4) expected sales and new markets and related issues. The group concluded that the production cost has increased by approximately 15% this year, whereas the export markets are more strict and demanding in terms of quality standards and consistency. This negatively affects the export competitiveness of fresh fruits. Once again participants stressed the urgency for improvements in production technology and post harvesting operations.

The 2<sup>nd</sup> Focus Group discussion, centered on the table grapes VC, was organized on 05/04/2012 in Kavadarci with 39 participants (16 primary producers, 9 LAs, 1 FFRM and 13 other VC stakeholders). The group discussed increased inputs costs in comparison with the sales price at wholesale and retail levels in the last two years and production and market trends in terms of volumes, products and prices. All participants agreed that increased production costs will influence the final production price in 2012, effectively pushing prices up. As part of the FG discussion, Access to Finance Lead facilitator Innovation Center, together with representatives of the banks, presented specific financial products available to the targeted group.

During the quarter EpiCentar organized regular visits to LAs and their integrated farmers to closely monitor the development of activities and collect adequate data related to the sector that are continuously updated in the indicator matrix. The third Focus Group discussion on table grapes and forth on apple/fresh fruits VC are scheduled for July. The information gathered will be distributed and shared with stakeholders and used to update the VC screenings at the end of the project.

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

### **Organization of networking event with non-traditional export markets through conference and B2B meetings**

**Objective:** The overall objective of this activity is to increase the potential for non-traditional market presence and increased export sales of FF&V products.

**Activity Summary:** On June 28<sup>th</sup>, EpiCentar organized a workshop in Kavadarci for selection of one non-traditional export market for each of the three VC representative products. Twelve preselected markets were evaluated and scored based on six predefined criteria by 26 participants including 5 Short-term Technical Assistance (SITA) experts in selected crops and other relevant representatives. After summarizing the scoring, three specific non-traditional markets that have higher potential to import Macedonian produce in terms of price, quality, seasonality, standardization etc. will be selected.

After selection EpiCentar will proceed with the identification of experts from selected export markets to conduct in-depth analysis of those markets. Based on the analysis the experts will match potential importers with the Macedonian exporters of each of the three products apples, table grapes and peppers and organize them to participate in three separate crop related B2B events in Macedonia.

**Activity Cost:** Total Cost: \$45,005; AgBiz Share: \$34,355 or 76%

## **Provision of comprehensive technical on-field assistance for modern production technology of table grapes**

**Objective:** Improvement of overall table grapes productivity and market sales opportunity through provision of comprehensive technical on-field assistance to modernize table grape production technology.

**Activity Summary:** During the period April –June both LAs Agrolozar, Strumica and Trajce Dushkovski, from Trstenik were visited regularly by the experts and on-field technical assistance on production plots was provided.

Technical support in the implementation of experimental **new table grape growing techniques** to reduce the influence of weak fertilization has been established. This will improve the yields and the quality of table grape Victoria variety. A monitoring matrix for measuring ten key parameters on three different production parcels at LA Agrolozar has been developed and the use of the nets was introduced. The LA Agrolozar purchased all appropriate tools for continuous measurement of temperature, humidity and level of rains in order to follow the indexes and relate them to final data for yield and overall productivity. Results collected so far indicated that the temperature measured is according to the plan and there is an increased standardization in quality of Victoria table grape. During the quarter the region experienced hail falls so experts witnessed a direct impact of anti-hail nets, and provided advice regarding the implementation of agro-technical measures given hail conditions and collected data regarding positive ecological conditions resulting from use of hail nets.

A new producer, Trajce Dushkovski, from Trstenik, Kavadarci was supported **in the establishment of a new table grape plot** through technical assistance promoting the adoption of new growing techniques that can improve the quality of table grapes produced. Experts regularly visited the newly established table grapes plantation and confirmed good development and continuously provided advice concerning agro technical measures for production. In the coming quarter, table grapes LAs will continue to receive technical advice regarding the production and the necessary agro technical measures necessary, depending on the LAs' needs.

**Activity Cost:** Total Cost: \$14,280; AgBiz Share: \$8,280 or 58%

## **Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material**

**Objective:** To increase awareness and interest in local production of high quality certified planting material of demanded table grape varieties; technology transfer.

**Activity Summary:** During the quarter the LA Agrokalem started the production of scions for this season and grafting operation for production of planting material (grafted plants). The company engaged a group of experienced workers from Serbia specialized in grafting to provide direct assistance and transfer practical knowledge to their employees. The STTA experts advised the company on how to improve the production technology by introducing a flow heating system, controlled by electronic temperature probes installed near the grafts. In this manner the control of temperature distribution will be more effective, and there will be less losses and greater standardization of product from grafted plants. The company will reorganize the system for the next season and in the meantime the process of production will be closely monitored by the engaged experts providing appropriate support to improve the quality.

During the quarter several visits to the LAs for this activity have been completed. The specifics and the timeline for this activity have been agreed with the LA Agro Kalem.

The experts provided also technical assistance for procurement of planting material as a prerequisite for establishing the grounds for later production of certified planting material. The companies have made the orders and are awaiting confirmation by the suppliers. In the coming quarter, STTA experts will continue to provide direct on field technical advice to LAs and their integrated farmers for table grapes planting material in regards to the production and necessary agro technical measures. The brochure for production of high quality planting material will also be finalized and disseminated.

**Activity Cost:** Total Cost: \$14,100; AgBiz Share: \$7,100 or 50%

## **Introduction and promotion of the production of new fresh pepper types/varieties attractive for the EU fresh market (bell pepper)**

**Objective:** Increased product diversification, increased competitiveness on the domestic and export market by introduction of new high-demand product types and varieties, increased income for the VC participants.

**Activity Summary:** Due to a longer winter season and a late start of the activity resulting from complex on-field preparations with the greenhouse producers, Activity #5 (originally designed to provide support in bell pepper production) was modified to support fresh fruits and vegetable producers. The modified activity helped producers improve post-harvesting technology leading to longer shelf life and preservation of product quality. The budget as initially envisioned for the activity #5 has been divided between the newly developed Activity # 5(mod) and the expansion of Activity 6.

The new Activity #5 is “Provision of comprehensive technical on-field assistance for modern post-harvesting apple technology”. The main objective of this activity is to support small apple producers from the main production region of Resen to upgrade and preserve apple quality and prolong shelf life through the introduction of improved post-harvest handling operations. Specifically, this activity will enable: improving the quality of apples by implementing post-harvesting technology (“Smart-fresh”) and increasing the awareness and interest among apple producers for new apple varieties and post-harvesting technologies appropriate for longer storage through articles in the FFRM magazine.

The implementation of the activity started with identification of a Third Country National (TCN) to be contracted during the first half of July to: 1) prepare technical material on advanced apple growing and post harvesting; 2) conduct field visit to assess the apple storage facilities and the postharvest technologies, introduce *Smartfresh* (at the moment not implemented in the country) post-harvest technology to primary producers and LAs cooperative farmers and introduce new apple varieties and their characteristics in terms of prolonged shelf life; 3) prepare an article for Moja Zemja magazine; 4) prepare a short brochure with instructions on *Smartfresh* postharvest technologies. The technical expert will be contracted to visit producers and provide a workshop on improving the quality of apples through the implementation of improved post-harvesting technology (“*Smartfresh*”).

**Activity Cost:** Total Cost: \$18,478; AgBiz Share: \$10,997 or 60%

## **Support to the process of compliance of the primary production with the requirement of the buyers and the market demand**

**Objective:** The main objective of this activity is improved integration of the supply chain for fresh pepper production through uniformed production and higher yields.

**Activity Summary:** EpiCentar officially submitted request and received approval for re-allocation of unused funds resulting from modifications in Activity #5 to Activity #6. During the implementation of Activity #6 for improved pepper production technology among the small primary producers in the country, an increasing interest for more in-depth assistance was shown by participants, thus it was justifiable and very effective to expand the short term technical expertise initially allocated. Several field trips have been completed and the LAs have gathered and organized groups of their primary producer suppliers of raw material who will be the main beneficiaries of the activity. The engaged technical expert, in cooperation with the LAs, developed a training plan and began training sessions followed by field visits where the practical advice was also provided. In the next quarter, the STTA will continue to provide on field agro-technical and pest management advice to pepper producers and secure the quality of raw materials delivered to LAs.

**Activity Cost:** Total Cost: \$24,200; AgBiz Share: \$9,200 or 38%

## **Supporting sustainable and continuous domestic production of high quality, certified, market demanded apple planting material**

**Objective:** To support sustainable and continuous domestic production of high quality, certified, market demanded apple planting material.

**Activity Summary:** STTA supporting this activity regularly visited planting material production sites of the two LAs (Ovoshtar and Agripro) and provided advice on current production operations and steps that both LAs need to take during the vegetative cycle. Both LAs Ovoshtar and Agripro were instructed on agro-technical and phyto-technical measures to be implemented to secure production of high quality planting materials and introduced to a new technology called “premature branching”. Due to the unexpected frostings that occurred at the parcels of LA Ovoshtar right after the planting of grafted rootstocks, the plants indicate a lower rate of success that will be analyzed and mitigation measures proposed. A brochure for production technology of certified planting material is in the process of preparation. In the next quarter, the STTA will continue to provide technical advice to LAs and on field assistance in regards to sustainable and continuous production of high quality, certified, market demanded apple planting material. The brochure will also be finalized.



PHOTO CREDIT: AGBIZ STAFF

**FF&V Lead Actors’ Representatives get acquainted with Advanced Packaging of Table Grapes**

**Activity Cost:** Total Cost: \$13,625; AgBiz Share: \$6,625 or 49%

### **Improvement of Market Linkages: Visits to Fruit Logistica 2012 in Berlin, Germany, and International Agricultural Fair 2012 in Novi Sad, Serbia**

**Objective:** Improved linkages with potential new markets and technology transfer

**Activity Summary:** Part #2 of the activity related to participation at the 79<sup>th</sup> International Agricultural Fair 2012 Novi Sad has been successfully implemented. FFRM, as a subcontractor, posted full information of the fair visit on their website and organized a transparent application process for participants from all over the country. Sixty-seven (67) farmers, raw material suppliers to LAs and representatives of FFRM participated at the Fair and gained first-hand knowledge on latest trends in packaging, labeling, value adding and technology upgrades that will lead to their further economic success. Participants also strengthened the existing established and potential new trade links.

Part#3 of the activity Participation at the World Moscow 2012 for FF&V companies in September has been submitted and approved. The preparations are ongoing in cooperation with the MAWFE, Macedonian-Russian Chamber and the AgBiz Program component for PF&V. During the next quarter, the selected FF&V companies will exhibit at an organized National stand at the World Food Moscow trade Fair that will be held from 17<sup>th</sup> to 20<sup>th</sup> September 2012 (*For more details, please see “Activity Result Report Study Tour and B2Bs at Novi Sad Trade Fair” included on the CD-ROM version of this report*).

**Activity Cost:** Total Cost: \$42,160; AgBiz Share: \$12,050 or 29%

### **Presentation of modern production systems of all targeted VCs through organization of a Study Tour**

**Objective:** Technology and management practice transfer improvement; potential new market linkages.

**Activity Summary:** Italy Study tour on modern production technologies for the production of planting material for table grapes and apples has taken place during the period 03<sup>rd</sup>-10<sup>th</sup> June, 2012. The Activity resulted in over 15 visits to specific production sites through the regions of Trentino Alto Adige, Emilia Romagna, and Puglia and meetings with different organizations that presented the latest production technology and management practices. Participants had the opportunity to get acquainted with new apple

and table grapes varieties, see the operations in an advanced packaging and distribution center, participate at auction sales and meet with traders, and visit research institutes and nurseries that produce planting material and use improved post-harvesting techniques. Participants observed the use of certified planting material, cost-effective production systems and technology to achieve higher productivity and more competitive product in terms of extended shelf-life, and improved appearance and packaging that responds to the market demands. During the next quarter an international expert (TCN) for table grape production will be engaged during July to come to Macedonia and provide direct on field assistance to table grapes LAs (*For more details, please see Activity Result Report “Modern Production Technologies for Planting Material, Table Grapes and Apples in Italy”*).

**Activity Cost:** Total Cost: \$35,867; AgBiz Share: \$21,360 or 60%

## I.2.2 Environmental Protection

**Possible Negative Environmental Impact:** It was determined that implementation of some of the phases of the following activities could have negative Environmental Impact: “Provision of comprehensive technical on-field assistance for modern production technology of table grapes”, “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” and “Production of high quality, certified, market demanded apple planting material”. Accordingly, EpiCentar with support from AgBiz Program ensured that all relevant Subcontractors, STTAs and LAs understand all major FF&V production constraints and follow Integrated Pest Management (IPM) and pesticide recommendations found in the 2011 Macedonia AgBiz PERSUAP. LF and LAs involved in these activities received training on safe use of pesticides and will make sure that all Subcontractor trainers, field extension staff and staff who interact with farmers will follow PERSUAP conditions:

- Use pesticide label-recommended Personal Protection Equipment for applying all pesticides.
- Do not use pesticides containing Active Ingredients that are not Macedonia, EU, EPA or PERSUAP approved;
- Use pesticide safe use practices, training and safety equipment following GLOBALG.A.P.;
- Using FFRM network promote the reduction of pesticides use in the production

**Recommended Mitigations Measures:** Pesticides containing any of the Active Ingredients forbidden in the PERSUAP (AIs, look at the pesticide bottle label) should NOT be promoted or used with USAID resources.

**Implementation Status:** On-going

## I.2.3 Activities Planned for the Next Quarter

The FF&V VC activities listed below are planned to be implemented or completed during the next Quarter (*For more details on Activities’ objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Continuation of the Activity Preparation of VC Baseline Screening through Focus Group Discussions: Focus Group Quarterly meeting(s) for Apple/Fresh fruits VC and Table Grapes VC and Monitoring matrix following the development of the FF&V sector completed;
- Continuation of the Activity Organization of networking event with non-traditional export markets through conference and B2B meeting: Selection of the three specific nontraditional markets, identification of International Experts and organization of at least one B2B conference;
- Continuation of the Activity Provision of comprehensive technical on-field assistance for modern production technology of table grapes: Field visits by the technical STTAs and LF to provide field assistance on the production measures relevant for the period;
- Continuation of the Activity Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material: Field visits by the technical STTAs and LF to provide field assistance on the production measures relevant for the period and reparation of brochure for table grapes planting material;

- Continuation of the Activity Provision of comprehensive technical on-field assistance for modern post-harvesting apple technology: Engaging TCN, organized field visits and on site advices regarding the post harvesting status and provision of Smartfresh training and distribution of material;
- Continuation of the Activity Support to the process of compliance of the primary production with the requirement of the buyers and the market demand: Organization and implementation of a training session for the pepper LAs fresh produce primary producer suppliers and development of the guidelines for pepper production;
- Continuation of the Activity Supporting sustainable and continuous domestic production of high quality, certified, market demanded apple planting material: Continuation of the technical services for production improvement and activities towards production of certified material and development of a simple brochure for certified planting material promotion;
- Continuation of the Activity Improvement of Market Linkages through organization of visits to International Agricultural Fairs: Organization of the visit to World Food Moscow in September 2012 and organization of promotional events through the FFRM newspaper for the fair in Moscow;
- Continuation of the Activity Presentation of modern production systems of all targeted VCs through organization of a Study Tour: Implementation of a technical field assistance by TCN for the LAs for table grapes production

### **I.3 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR PROCESSED VEGETABLES**

According to the latest Performance survey, the Macedonian Fruit and vegetable processing industry remains predominantly export oriented. 80-85% of annual production is being exported. Processed products enjoy high reputation on regional and international markets. Over the period 2003-2011, the fruit and vegetable processing industry has made continuous improvements, and recovered from a decrease in production output from 2009. There are 43 active processing capacities in 2011, predominantly involved in canning and combined processing. Processing of vegetables is the dominant business activity, covering around 90% of the total production. The processing output in 2011 amounted to 52,8 thousand tons or + 10,9% in comparison to 2010 whereas export of processed products increased in 2011 and reached a total volume of 39,2 thousand tons and value of 42,3 million euros. Exports to the EU in 2011 increased by 2,3% in volume and 3,8% in value compared to 2009. EU and Serbia remained the main export destinations for Macedonian processed F&V. Regional markets are jointly contributing with 38,6% in volume and 41,4% in value of overall exports. The majority of processing companies are defined as small, while there is no large F&V processing enterprise. The industry employs 1.179 full time employees and 3.353 seasonal employees, most of which are from rural areas and are skilled in handling agricultural products. The utilization of the industry increased to 40% in 2010 and 2011, compared to 38% in 2009. Although industry representatives commenced various initiatives and opened direct discussions and MAP signed a MoU with the Macedonian Bank for Development Promotion, companies still don't have access to more favorable financing. Shortages and limited availability (duration) of raw materials continue to be the biggest impediment for further growth of the industry. Deployment of a sound export marketing strategy to improve performance of the industry will be necessary to address the existing shortcomings and to secure constant growth of the processing industry in the forthcoming period. Due to the Stabilization and Association Agreement with the EU from 2001, Macedonia enjoys unlimited access of PV products to the EU member states. Non-tariff barriers, particularly those related to food safety and food quality standards have been successfully overcome by the PV VC members through implementation and certification of HACCP and ISO 22000 and lately, in order to respond to the requirements primarily of bigger supermarket chains in Germany, more companies have begun to implement IFS.

#### **I.3.1 Activities Completed during the Quarter**

##### **Technical Assistance in Implementation of GLOBAL G.A.P**

**Objective:** Improve the management attitudes of PV VC members in regards to food safety and elimination of potential hazards and to improve their cooperation with raw material suppliers.

**Activity Summary:** Phase 1 of the activity was prepared and carried out during the period May – June, 2012. MCG engaged two technical experts to facilitate PV VCLAs Vori from Gevgelia and Univerzal Promet from Kocani to implement GLOBALG.A.P for red pepper under option 2-group implementation. Activity preparation and development started with an initial meeting with the LAs that had identified responsible representatives. At that meeting an implementation plan was discussed and approved. Both Vori and Univerzal Promet selected 25 supply chain integrated farmers each committed to implement the GLOBALG.A.P standard. Technical experts developed and provided training materials on GLOBALG.A.P, worked with farmers on defining production plots and developed a GLOBALG.A.P implementation plan. Under their supervision, the two groups of farmers now follow GLOBALG.A.P requirements and good agricultural practice. It is expected all farmers will subsequently implement the standard.

**Activity Cost:** Total Cost: \$10,000; AgBiz Share: \$5,000 or 50%

### **Technical Assistance in Implementation of IFS**

**Objective:** Increase food safety and food quality practices by domestic PV VC members and enhance export market opportunities of PV products and producers.

**Activity Summary:** Based on the selected best proposal, PVLf MCG signed a contract with BVG Group to provide technical assistance in implementation of IFS requirements for selected PV VC LAs: Bonum Plus, Altra, Trgoprodukt and Rudine. The first phase of this activity was accomplished during the period May 25<sup>th</sup> - June 29<sup>th</sup>, 2012. IFS implementation started with the introduction of IFS to PV VCLAs including organization responsibilities in regards to the standard, forming a team for implementation and developing a detailed plan for implementation. PV VCLAs' key management personnel got trained in the principles of the system and educated as internal auditors for IFS standard. The third step focused on the documentation phase - scanning of the current situation, collecting basic data, identification of processes, process flows, determining the objectives and policy, responsibilities and authorities, and determining the guidelines for implementation. An initial audit and Good Agricultural Practices (GAP) analysis of the situation is being made in order to verify the existing infrastructure-related shortcomings that should be adjusted / eliminated during the implementation process. Comprehensive assessment of current situation and detailed report summarizing findings and recommendations for additional investments needed for IFS adoption was also completed (improvements in infrastructure and/or equipment). A joint coordination meeting was organized in Skopje on June 22, 2012 where further steps were elaborated and activities were assigned to the implementation teams.

**Activity Cost:** Total Cost: \$20,400; AgBiz Share: \$8,000 or 39%

### **Training Program for Farmers for Adoption of EU Requirements**

**Objective:** The overall objective for organizing this activity is to increase the knowledge of vegetable producers, processors and other PV VC actors about EU requirements regarding needs for adoption in their production practices and transfer the newly gained knowledge and improve SC actors' capacity for implementation of the latest requirements.

**Activity Summary:** PVLf MCG subcontracted FFRM as a partner organization in close cooperation with the LAs to be responsible for planning, organization and delivery of the trainings covering 4 main areas: Farmers' organizational forms – Cooperatives, Producer Groups and Producer Organizations in Macedonian horticulture sector; Agri Environment and GAP practices and requirements in vegetable production; National and EU marketing standards for fresh and processed vegetables; and Instrument for Pre-Accession Assistance for Rural Development (IPARD) modifications and new requirements, including identification and invitation of training participants.

During the reporting period FFRM coordinated three training sessions on Agri Environment and GAP practices and requirements in vegetable production in Strumica on May 17<sup>th</sup>, Kocani on May 18<sup>th</sup> and Tetovo on May 23<sup>rd</sup> delivered by the technical expert Prof. Dr. Gordana Popsimonova. Trainings included advice and recommendations on Agri Environment and GAP practices and requirements related to vegetable production including application of modern agro-technical measures that are in full

compliance with the environment, Integrated Pest Management practices and procedures for protection of crops and farmers.

Three trainings on National and EU marketing standards for fresh and processed vegetables were also delivered by the technical expert, Prof. Dr. Gordana Popsimonova in Kocani, Strumica and Tetovo. All trainings were supported by the representatives of the State Agricultural Inspectorate that actively participated in the elaboration of specific inspection procedures and requirements. The trainings encompassed information on minimal required national marketing standards for fresh fruits and vegetables marketed on national and international markets, as well as standards for the purchase of fresh vegetables to supply the processing industry developed by MAP. Furthermore, training participants were informed about the envisaged timeframe for implementation of marketing standards for fresh vegetables. The training participants expressed that marketing standards for fresh vegetables are easy to be reached and the MAP-required standards are well defined and useful for the process of contract negotiations.

Technical expert Natasha Ljubeckij Angelic delivered three trainings in Strumica, Tetovo and Kocani on the subject IPARD modifications and new requirements. Farmers, FFRM members and representatives from MAFWE discussed why IPARD and national support programs have been insufficiently utilized by the farming community, what are key obstacles to the utilization of measures and the latest developments for possible adjustment of eligibility criteria and new requirements for utilizing IPARD funds. The technical expert in coordination with MAFWE representative presented the inclusion of new measures in the IPARD program in order to increase farmers' potential to access IPARD funds, strengthen their vertical integration and increase their overall performances and incomes.

The fourth training topic "Farmers' organizational forms – Cooperatives, Producer Groups and Producer Organizations" was delivered by the technical expert Mr Nikolco Stoilkovski. Three trainings in Tetovo, Strumica and Kocani were delivered during June 2012. The trainings aimed to present to the farming community the latest initiatives and programs supporting organized forms of farmers as well as to act as a podium for discussions on the prospects and current constraints to the establishment and growth of the cooperatives in the horticulture sector in Macedonia. The trainings were highly appreciated by the training participants that requested and require additional, similar trainings / workshops in the future.

**Activity Cost:** Total Cost: \$34,936; AgBiz Share: \$26,936 or 77%

### **Survey of raw material supply, employment and sales performance of PV VC for 2011**

**Objective:** Research and analyze overall performance of the PV VC in 2011.

**Activity Summary:** Consistent to the previous ones, the final Survey of raw material supply, employment and sales performance of PV VC for 2011 contains more details related to the purchasing of raw materials by the industry, the type of processed products produced in 2011, etc. Also, export statistics were reviewed and updated, which in turn make this document useful as a reference material for further analysis and studies. The survey encompassed 49 fruit and vegetable processing Companies in the country, out of which only two companies (small scale processors) declined to participate and to provide the requested details. Another 6 companies could not complete the questionnaire due to the fact that they did not perform any processing activity in 2011 (due to various reasons, but mainly because of renovation of processing facilities, installation of new equipment etc.). Hence, the results and the analysis elaborated in this document are based on the answers obtained from 41 active F&V processing companies (unless otherwise stated). Due to the very high response rate, all the details stated in the report are relevant and statistically correct. *(For more details, please see "Survey of Raw Material Supply, Employment and Sales Performance of PV VC for 2011" included on the CD-ROM version of this report).*

**Activity Cost:** Total Cost: \$5,500; AgBiz Share: \$2,500 or 45%

### **New Product Development**

**Objective:** The overall objective of this activity was by introduction of new finished products to expand product portfolio, strengthen competitiveness of the PV VC and further secure and improve income generation at all levels in the supply chain.

**Activity Summary:** MCG competitively selected and contracted local Business Service provider (BSP) to conduct detail analysis related to New Product Development (NPD), provide import/export statistics and feasibility study that will justify NPD activities by the PV VCLAs. The subcontractor held initial meetings

with the PV VCLAs to identify the type of products that they would like to develop and introduce into the market. Preliminary 2LAs expressed interest to modify some pepper based canned products and 2LAs are interested to introduce product line of frozen products like corn, green beans, carrot cubes as well as product mix as finished retail pack product adequate for cooking. The BSP started working on gathering and analyzing market related data and import/export statistics relevant to new products and identification of NPD possibilities. The next phase of the activity will include development and presentation of feasibility studies on NPD, including production cost structure, break even analysis, market potential, packaging options, pricing of products, etc. It will also identify the raw materials needed for the development of the new products and evaluate if these new raw materials/products are available among supply chain integrated farmers or there is a need for contracting new farmers to provide the specific products.

**Activity Cost:** Total Cost: \$30,000; AgBiz Share: \$6,000 or 20%

### **Processed Vegetables VC Participants Visit the International Agri-food Fair and Institute in Novi Sad, Serbia**

**Objective:** The overall objective for organizing this activity Visiting =the International Agricultural Fair and the Institute of Field and Vegetable Crops in Novi Sad was to enable PV VC participants both LAs and their integrated SC farmers to (1) Increase the knowledge on latest agriculture technology, machinery and equipment and (2) Transfer of the newly gained knowledge to the broader farming community.

**Activity Summary:** The international Agricultural Fair in Novi Sad has grown into the largest fair event in southeast Europe. It gathers all those involved in agriculture, food industry, animal husbandry, and branches of the economy originating from agriculture or related to agriculture. At the fair and in the Institute 52 participants including supply chain farmers, National Extension Agency (NEA), FFRM and participants from BSPs that offers agricultural services, had an opportunity to observe, learn about and make decisions regarding the adoption of certain agri-techniques and specific mechanization that can improve productivity and upgrade standardization of products at primary production level, thus strengthening competitiveness of the overall SC and further securing income generation of the primary producers. Participants also got acquainted with agriculture-related technologies and innovations including new varieties with improved characteristics in regards to pericarp thickness and dry matter content (Dora - Medium early variety red pepper with very long, large fruits), cultivation techniques and advance farming techniques (farm accounting software). At the aggregator and processing level, participants observed improved sorting and grading (Optical and laser sorting equipment), improved warehouse management or cold storage (In Line Continuous Deep Freezing Tunnel), more efficient technologies (Cabin plant high speed processing and filling line for the processing of gherkins in glass jars, cans and barrels), and at the sales level: improved packaging and branding. The Center for Applied Research and Permanent Education in Agriculture (CIPOZ), the subcontractor that coordinated the activity, held a wrap up meeting with PV VCLF at which they summarized key information obtained during the fair visit. Study tour participants from FFRM and NEA collected valuable information, brochures and catalogues for further distribution to their membership base. Also, a summary of the visit and most relevant contact details (web pages) were discussed by CIPOZ representative (Professor Martinovski) and PV VC members during the MAP event (meeting) on May 17, 2012. They were forwarded to FFRM and published in *Moja Zemja* for wider outreach. The PV VCLAs communicated key lessons learned from this activity with their raw material suppliers and with other PV VC members (For more details, please see "Activity Result Report "Processed Vegetables VC Participants Visit the International Agri-food Fair and Institute in Novi Sad, Serbia" included on the CD-ROM version of this report)

**Activity Cost:** Total Cost: \$10,017; AgBiz Share: \$7,000 or 70%

### **Activity Study Tour and B2Bs in Australia Three-month Follow-up**

**Summary:** The three month follow-up and evaluation was completed on June 18<sup>th</sup>, 2012. On the basis of conducted discussions with each company individually, a total of \$910,000 US in new orders were reported by the participants. Lars Company signed one contract valued at 150,000 USD with its current buyer for expanding export of PV products and one contract valued at 350,000 USD with new clients for the export of PV (mainly roasted peppers and other pepper based products). Trgoprodukt reported one new contract for export of Ajvar and other PV products with the value of 410,000 USD. Other

companies that participated on the study tour concluded that there is a significant opportunity for increased exports of Macedonian processed products to Australia. Apart from traditional canned vegetables, there is a possibility for export of frozen red pepper, berries etc. However, domestic companies will have to re-evaluate existing practices, develop new approaches and sound marketing strategies and to pre-select food importers/distributors that are capable of handling and distributing larger volumes of Macedonian PV products (*For more details, please see Activity "Study Tour and B2Bs in Australia" Three-month Follow-up included on the CD-ROM version of this report*).

### **Introduction of New Varieties and New Vegetable Production Technologies**

**Objective:** Increased and closer cooperation between primary producers and PV members and increased competitiveness of Macedonian PV VC.

**Activity Summary:** The subcontractor Center for Applied Research and Permanent Education in Agriculture – CIPOZ established basic preconditions with participating LAs plus Alkaloid (not LA but committed to participate in the activity at its own costs through the use of liquid fertilizers) and proceeded with the procurement of selected seeds and special containers for the production of seedlings. During April, filling of 600 containers and sowing of eight types (varieties and hybrids) of pepper suitable for processing were installed in Trgoprodukt in Dabile, Strumica; Alkaloid AD Skopje; Bonum, Nagoricane and Universal, Kocani. Instructions were provided for starting to grow seedlings. Once the units were installed on the planned sites, the STTAs from CIPOZ conducted six on site trainings for producers of new varieties of peppers in Gevgelija and Strumica, in Kocani; one in Tetovo; training in NEA offices s.Pchinja Kumanovo; and one in the municipality of Ohrid. A total of 181 integrate supply chain farmers of Vori, Altra, Dentina, Trgoprodukt, Bonum Plus, Univerzal Promet, Lars and Green produkt LAs participated and were trained in advanced production technology and new varieties specifics. After around 900 plants of new pepper varieties cultivated in containers on inter substrates in the seedling phase were transported from Skopje to all LAs production units, another set of on-site trainings were delivered throughout May and June. Trainings included planting of pepper plants on selected locations, application of liquid mineral fertilizers for production of seedlings using the new method of inert substrates in floating containers. 111 farmers participated at the trainings.

**Activity Cost:** Total Cost: \$27,000; AgBiz Share: \$19,000 or 70%

### **Acquiring and Dissemination of International Market Data**

**Objective:** Support the process of strengthening capacity building of MAP and development of new services by the association to members and non-members, as well as increased knowledge of PV VC to more effectively plan and execute marketing and promotional activities.

**Activity Summary:** Access to Euromonitor's international market data "Passport" allowed PV companies to access relevant market information and enhance external communication with potential buyers in order to expand export sales. Now PV VC participants can more effectively plan and execute marketing and promotional activities. The activity also supports the process of strengthening the capacity of MAP and the development of a new service for association members and non-members.

**Activity Cost:** Total Cost: \$16,000; AgBiz Share: \$8,000 or 50%

### **Facilitation/Implementation of Contract Farming**

**Objective:** Improvement of the overall welfare of the farming community through stabilizing sales of their horticulture products as well as to secure stable quantities and qualities of raw materials purchased by the processing industry.

**Activity Summary:** MCG as the PV VCLF competitively selected and subcontracted Foundation Agro-Center for Education (FACE) as a BSP, to manage the overall implementation of the activity and coordinate provision of assistance from FFRM, conduct constant monitoring and review of the development process, prepare and submit the Activity Results Report and present the project results and possible best practices as well as planned follow up. MCG assigned Mrs. Natasa Ljubeckij Angelic as an Agribusiness specialist, to contribute to negotiations and the preparation of different models of contracts signed between processors and their suppliers. So far, approximately 290 formal delivery contracts are being signed between processors and supply chain farmers. Furthermore, Plant Protection and the

horticulture production technology specialist was engaged to prepare detailed vegetables production protocols based on the best production and environmental practices, as well as to train the engaged technical staff and FFRM staff in their proper implementation. Furthermore, the specialist will closely monitor the vegetation season, quality of products, and implement production technologies following the previously designed and recommended production guidelines, and will react if necessary with direct on-field interventions and advises.

In the next period FACE will facilitate direct contacts between farmers and LAs and secure information exchange regarding the production progress and expected results, monitor and report on the process of buyout of contracted horticulture products team and conducting an assessment of overall project results.

**Activity Cost:** Total Cost: \$99,364; AgBiz Share: \$49,364 or 50%

### **Environmental Protection**

**Possible Negative Environmental Impact:** It was identified that implementation of some of the phases of the following activities could have negative environmental impact: “Technical Assistance in Implementation of GLOBAL G.A.P”, “Introduction of New Varieties and New Vegetable Production Technologies”, “Technical Assistance in Implementation of IFS” and “Facilitation/Implementation of Contract Farming”.

MCG with support from the AgBiz Program ensured that all relevant Subcontractors, STTAs and LAs will understand all major FF&V production constraints and follow Integrated Pest Management (IPM) and pesticide recommendations found in the 2011 Macedonia AgBiz PERSUAP. LF and LAs involved in these activities received training on safe use of pesticides and will make sure that all Subcontractor trainers, field extension staff and staff who interact with farmers will follow PERSUAP conditions:

- Use pesticide label-recommended Personal Protection Equipment for applying all pesticides.
- Do not use pesticides containing Active Ingredients that are not Macedonia, EU, EPA or PERSUAP approved;
- Use pesticide safe use practices, training and safety equipment following GLOBALG.A.P.;
- Using FFRM network promote the reduction of pesticides use in the production

**Recommended Mitigations Measures:** Pesticides containing any of the Active Ingredients forbidden in the PERSUAP (AIs, look at the pesticide bottle label) should NOT be promoted or used with USAID resources.

**Implementation Status:** On-going

### **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 1.10.4*).

- Continuation of the Activity Introduction of new varieties and new vegetable production technologies
- Continuation of the Activity Acquiring and dissemination of international market data
- Continuation of the Activity Facilitation/implementation of contract farming
- Continuation of the Activity Technical assistance in implementation of Global Gap
- Continuation of the Activity Technical assistance in implementation of IFS
- Continuation of the Activity New product development
- Continuation of the Activity Training program for farmers for adoption of EU requirements
- Continuation of the Activity Participation of PV VC members on International Fair World Food Moscow
- Joint supplies of packaging material for processing industry

## **I.4 SUPPORT FOR INVEST MACEDONIA**

The key objective of this component is to support Invest Macedonia to build its export promotion capacity. AgBiz work for this component is designed to help develop IM export promotion programs that benefit AgBiz supported value chains and enhance IM's internal capacity. The support to Invest Macedonia is implemented having the Agency as a key counterpart in the whole process. AgBiz also closely coordinates with the USAID-funded Investment Development and Export Advancement Support (IDEAS) project and other USAID-supported activities aimed at building Invest Macedonia Export Promotion capacity, institutional development, and the creation of model through the introduction of two export promotion functions by Invest Macedonia i.e. business development and market information functions.

### **I.4.1 Activities Completed during the Quarter**

#### ***Study Tour to Slovakia and Czech Republic for Transfer of International Best Practices in Export Promotion***

**Objective:** The purpose of this activity was to provide representatives from the Agency for Foreign Direct Investment and Export Promotion of Republic of Macedonia and the Ministry of Economy with practical knowledge through a study tour to two export promotion agencies, one the Slovak Investment and Trade Development Agency (SARIO) and the other Czech Trade in Czech Republic. The activity was implemented from 16-19 April, 2012, supported jointly by AgBiz and USAID IDEAS project.

**Activity Summary:** The visit to Slovakia involved meetings with Slovak Investment and Export Promotion Agency (SARIO), Ministry of Economy of Slovakia, Ministry of Foreign Affairs of Slovakia, Slovak Chamber of Commerce and Slovak EXIM bank. The Slovak Investment and Trade Development Agency (SARIO) is a government-funded agency that works under the supervision of the Ministry of Economy. It has a dual function, responsible for both attracting foreign direct investment and for export promotion.

In the Czech Republic meetings were coordinated with Czech Trade and Ministry of Economy. The Czech Trade Agency through its departments: Customer Relationship Center, Foreign Network and Central Functions provides a wide range of business support and networking services, including: introduction to Czech Quality suppliers; assistance with local outsourcing; organization of buyer's visits and meetings with Czech companies/sourcing days; participation in trade fairs abroad; and providing information about doing business in the Czech Republic. Czech Trade manages the most comprehensive database of official Czech exporters in 13 languages worldwide present on-line at: [www.exporters.czechtrade.cz](http://www.exporters.czechtrade.cz) as well as an on-line platform Czech Business Web Portal, which provides a wealth of information for companies looking for guidance and assistance when considering investment in the Czech Republic. Through a network of more than 30 foreign offices and 34 Export/Diplomatic Promoter, Czech Trade supports Czech entities to focus on the right opportunities for their business model, check feasibility of business plans and expand their business ideas in the world.

Although in terms of economic development, size of economy and population, the Republic of Slovakia is more comparable to Macedonia, the model of SARIO Agency export promotion function was found not very effective. Export promotion support involves several institutions without very clear responsibilities, and very often having overlapping authority and under strong political influence. Information Technology (IT) infrastructure is not adjusted to the export activities. On the other hand, the Czech Trade experience was used in preparation of the Strategic Framework for the Agency for Foreign Direct Investment and Export Promotion in Macedonia. Czech Trade is a very sophisticated Agency that offers a variety of high-quality professional services for Czech companies. Services are offered to companies through the head office, well developed network of economic promoters and outsourcing specific expertise on a fee basis. The IT infrastructure is very sophisticated with wide use of modern tools for prediction of future market trends, assessment of the export potential of the companies, tools for export market analysis etc. Some of these tools could be replicated and implemented in Macedonia in the forthcoming period. The most important conclusion from the visit is the fact that strategic directions defined in the Strategic Framework for the Agency for Foreign Direct Investment and Export Promotion in Macedonia are proper and realistic and that their implementation will contribute to establishing a more efficient system for export promotion in Macedonia. This activity contributed to increasing the

operational efficiency as well as human and institutional development process of the Agency for Foreign Direct Investment and Export Promotion of Republic of Macedonia (*For more details, please see “Activity Result Report Study tour for Transfer of International Best Practices in Export Promotion in Slovakia and Czech Republic” included on the CD-ROM version of this report*).

**Activity Cost:** Total Cost: \$22,530; AgBiz Share: \$5,480 or 24,3%

### **Supporting the Invest Macedonia Agency to organize a Study Tour and Promotion of Macedonian Wines in the US**

**Objective:** The overall objective of the proposed activity “Supporting Invest Macedonia to Organize a Study Tour and Promotion of Macedonian Wines in United States of America” was to strengthen the capacity of the Agency to coordinate export promotion initiatives by supporting export ready wineries from Macedonia in entering or expanding the sale of wines to the US.

**Activity Summary:** From May 28<sup>th</sup> to June 6<sup>th</sup> AgBiz together with IDEAS supported Invest Macedonia to successfully coordinate a Study Tour and “road show” presentations of Macedonian Wineries in US. AgBiz provided assistance to Invest Macedonia Agency and supported the overall organization of the events, provided guidance and fully facilitated the activity at all stages. Director and senior advisor from Invest Macedonia, Executive Director of Wines of Macedonia and representatives from 7 wineries (Tikveš, Dalvina, Chateau Kamnik, Ezimit Vino, Dudin, Stobi and Bovin) participated at the Study Tour and wine promotions in the US. Popova Kula sent wine samples but did not participated.

The first promotional event was organized in Washington DC on May 30, 2012, hosted by the Embassy of Republic of Macedonia. It was well attended by very relevant importers and distributors from the area of Washington as well as V.I.P representatives of the diplomatic core and opinion leaders. The

promotional event in Chicago on May 31<sup>st</sup>, 2012 included wine tasting and Business to Business (B2B) meetings with importers and distributors. A professional Wine PR Agency engaged by AgBiz organized and coordinated a high end wine promotional event on June 5 in New York. Consul General Zvonko Mucunski welcomed guests and introduced speakers Robin Kelley O’Connor, Certified Specialist of Wine and Certified Wine Educator and James Beard Award winning Sommelier Hristo Zisovski, Beverage



PHOTO CREDIT: THE CONNECTED TABLE, INC.

**Speakers Robin Kelley O’Connor and Sommelier Hristo Zisovski present Macedonian wines at the event**

Director of the Altamarea Restaurant Group who discussed the history of the region, the varietals and new developments within Macedonia’s wine industry. Most relevant wine media and critics, sommeliers and wine merchants came to the event and initial comments were excellent. The owner of the best-selling wine brand “Barefoot” expressed very positive impressions for Macedonian wines and proposed cooperation and encouraged further efforts of wineries for expanding sales in US. Study Tour and “road show” presentations of Macedonian Wineries in the US resulted in significant follow up presence especially through innovative and web based media.

This activity significantly contributed to the process of capacity building and development of the export promotion functions of Invest Macedonia, by providing practical knowledge and experience in organizing export trade missions, promotional and B2B events. The three promotions and B2B helped representatives from Invest Macedonia to better understand the opportunities for Macedonian Wineries

regarding entry into new wine markets in the US. During the study tour and promotion they were in a position to clearly understand the need for supporting Macedonian export wineries with specific export promotion activities in order to optimize the results and increase wine exports to US.

This activity also resulted in the introduction of the Macedonian wine industry to US wine critics, media and created an initial awareness of Macedonian wines; established contacts and stimulated B2B discussions with the most relevant licensed wine importers, distributors and wholesalers in the US as well as well-established Wine associations. The events provided the opportunity to present product range and capacity and identify which Macedonian wines satisfy the requirements of US consumers and how competitive they are. This helped participating wineries gain consumer insights and the in-depth understanding of wine sales channels that will allow them to make optimal business decisions that will enable them to export wine to the US (*For more details, please see "Activity Result Report Supporting the Invest Macedonia Agency to organize a Study Tour and Promotion of Macedonian Wines in the US" included on the CD-ROM version of this report*)

**Activity Cost:** Total Cost: \$144,785; AgBiz Share: \$39,846 or 27,5%

### **Participation at First Forum of Traders and Producers from CEE Wholesale Markets in Bronisze, Poland**

**Objective:** During the quarter AgBiz program supported Invest Macedonia to successfully implement this activity as a follow up after the B2B and participation at the First Forum of Traders and Producers from CEE Wholesale Markets to further strengthen understanding of the challenges of modern trade and forms of cooperation between producers/ traders and wholesale markets in CEE. Based on established relations during the Study Tour, intensive follow up and considerable export of Macedonian fresh vegetables, primarily spring cabbage from Macedonia to Poland during this period, the management of Bronisze informed Mr. Ljupcho Mihailovski, the economic promoter in Poland about the 1st Forum of traders and producers from CEE Wholesale Markets and invited several companies from Macedonian FF&V VC to take part at the forum.

**Activity Summary:** During the Forum a seminar was organized with the representatives of the Wholesale Markets together with representatives of traders and producers from the CEE countries: Albania, Belarus, Bosnia and Herzegovina, Croatia, Italy, Macedonia, Moldova, Romania, Russian Federation, Ukraine and Poland. Participants that took part at the seminar presented wholesale markets and challenges of modern trade, the importance and factors influencing the level of fruit and vegetable consumption, EU „Fruit at School” program. All also focused on the current situation on their markets, including financial performance, a SWOT analysis, methods to face the global economic crisis, strategies for the future, and new products and services to meet the challenges of the rapidly changing marketplace. The presentations were followed by discussions about forms of cooperation between traders and producers and CEE Wholesale Markets, the value of a brand in the contemporary world and Modern marketing and the role of Bronisze wholesale market in the creation and development of “Healthy life” food cluster and benefits from introduction of a brand at a Wholesale Market.

After the seminar, all participants at the forum visited vegetable producer and distributor - Green Factory Group Established in 2006, Green Factory Group is one the largest and most advanced vegetable producers and distributors in Poland. The company has its strategic unit at the Warsaw Wholesale Market Bronisze (since 2008). It is one of the most modern traders at the Bronisze Wholesale Market, targeting mainly wholesalers and the HoReCa sector.

Two Companies from Macedonia that participated at the Forum concluded that there is an opportunity for increased exports of Macedonian fresh fruit and vegetable products especially now with some experience with trading with Poland and an understanding the Poland market requirements (*For more details, please see Activity Result Report "Participation at First Forum of Traders and Producers from CEE Wholesale Markets in Bronisze, Poland"*).

**Activity Cost:** Total Cost: \$2,883; AgBiz Share: \$1,401 or 49%

### **Invest Macedonia Export Promotion Planning Conference**

**Objective:** The objective of Export Promotion Planning Conference organized by Invest Macedonia was to serve as a tool for Invest Macedonia to open a dialogue for ideas and recommendations from the

private sector for activities related to planning of annual export support activities.

**Activity Summary:** On 21 June AgBiz together with IDEAS coordinated an export promotion planning workshop of Invest Macedonia. AgBiz presented the concept for developing Sector Export Marketing Plans through the example of the Wine value chain as well as the processes for FF&V and PF&V value chains as a model for defining a concrete vision and commitment of companies to a joint approach to export promotion rather than individual efforts. It also represented a viable platform for cooperation with Invest Macedonia for the implementation of activities to support export promotion. Representatives from all relevant entities from different industries including Macedonian Chamber of Information and Communication Technologies (MASIT), Textile Cluster, Wines of Macedonia Association, Macedonian Association of Processors (MAP) as well as representatives from respective GoM institutions provided concrete input and proposed specific activities that should be supported by Invest Macedonia next year.

**Activity Cost:** Total Cost: \$1,000; AgBiz Share: in kind contribution.

### **Development of Comprehensive Investment and Export Promotion e-portal for Invest Macedonia**

**Objective:** The objective of this activity was the development of a comprehensive modular export promotion web solution (with intranet option) for Invest Macedonia, including the improvement of the current Customer Relationship Management (CRM) system to contribute to increasing the operational efficiency and the overall human and institutional development process of the Agency.

**Activity Summary:** Development of a sophisticated IT infrastructure and training for the economic promoters are main pre conditions for efficient introduction of the business development and market information functions in Invest Macedonia as a part of the new model of services for exporters. Accordingly, USAID IDEAS project, together with Invest Macedonia initiated the development of an Export Promotion e-portal. Design and development of the e-portal is based on experience gained from other successful export promotion agencies but the key challenge for the e-portal to become operational is to upload the information needed for creating a directory of exporters.

Hence, AgBiz engaged four Business Service Providers to assist Invest Macedonia and IDEAS to collect data and upload directory of export companies in main Agribusiness sub-sectors: Fresh Fruit and Vegetables, Processed Fruit and Vegetables, Wine, Meat and Dairy. This activity enabled IM to properly, and in a timely manner, develop a fully-functional portion of the e-portal that will serve as a model that can be presented with all its functions to companies in other sub-sectors and industries. It also contributes to the process of capacity building and development of the export promotion functions of Invest Macedonia. It is expected the proposed activity will help representatives from Invest Macedonia better understand the opportunities for Macedonian companies to supply export markets with a wide range of agricultural products. After developing the export e-portal, they will be in a position to identify the need for supporting Macedonian exporters with specific export promotion activities in order to optimize the results and increase exports.

**Activity Cost:** Total Cost: \$48,500; AgBiz Share: \$7,000 or 14,4 %.

## **I.4.2 Activities Planned for the next Quarter**

During the next quarter AgBiz will continue working on Invest Macedonia Capacity Building activities. The program will contribute to the development of an Export Newsletter that will be published online on a quarterly base with information regarding Invest Macedonia activities, as well as positive experiences from the private sector. The newsletter will serve as a tool to inform the stakeholders and strengthen PPD. IDEAS will develop the IT platform, while AgBiz will participate in the preparation and editing of the content related to the Agribusiness sector.

AgBiz will Support Invest Macedonia to obtain and utilize International Market Data – AgBiz, by signing a contract with the international research agency (Euromonitor), will provide support to IM so that they can access advanced Market Information Data including more specific market information ranging from statistical to competitive analyses for the four sectors that were identified with greatest potential in achieving the export targets: Textile Industry (clothing); Agribusiness and wine/Food Industry; Industry

of metals and precision mechanics - including automotive parts, and Information and Communication Technology.

AgBiz would engage local Business Service companies/experts to provide proper aftercare for the most prospect FDI leads identified by IM. This could include analysis, legal assistance, feasibility studies etc. The objective of the activity is to enable Invest Macedonia to adequately serve potential FDIs and improve the likelihood of investing in Macedonian Agriculture. AgBiz project will work on engaging BSPs in coordination with Invest Macedonia.

AgBiz encouraged Invest Macedonia export promoters to identify viable leads and interest from foreign companies to explore possibilities for cooperation and import agricultural products from Macedonia. If such lead identified, AgBiz could provide support to Invest Macedonia to organize a specialized B2B with potential buyers of FF&V and/or PV on targeted markets or organize buying mission in Macedonia.

Synergizing with the IDEAS Project, AgBiz will continue to work with the new management and export promotion team including export promoters of the Agency to cooperate and be directly involved in implementing activities aimed at building Invest Macedonia export promotion function (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

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

The goal of this component is to strengthen the Ministry of Agriculture, Forestry and Water Economy's (MAFWE) 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 are 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**

#### **Support in Preparation of Secondary Legislation according to NPAA 2012**

**Objective:** The objective of this activity is to provide technical support to the MAFWE in the process of preparation of the following regulations:

- Development the Rulebook laying down the rules and conditions for granting of financial support for storage, needed documentation, beneficiaries, the amount of financial support, storage conditions and the type and quality of grains.
- Revision for improved calculation and aggregation of data for the Farm Accountancy Data Network with Standard Coefficients.
- Preparation and compliance with the EU regulations 32007R0491 and 32007R1234 of all 9 (nine) headings of the wine law and prepare a working version of the law proposal.

**Activity Summary:** MAFWE worked in close relation with technical assistance providers from the Faculty of Agricultural Sciences and Food in the process of research, data analysis, developing and reviewing of relevant document and papers and finalization of the modified by laws. MAFWE made available all resources and information for finalization of this Activity. All proposed regulations are processed in the MAFWE and will be a matter of review and approval by the Government of Macedonia.

**Activity Cost:** Total Cost: \$10,046; AgBiz Share: \$7,546 or 75%

## **Preparation of a Multi-annual Strategy for Improvement and Monitoring of Milk Quality**

**Objective:** The objective of this Activity was to provide technical support to the MAFWE in the process of preparing a Multi-annual Strategy for Improvement and Monitoring of Milk Quality. The preparation is needed in order to adjust and improve the dairy sector to new modifications of the EU Common Agricultural Policy (CAP).

**Activity Summary:** For this Activity the MAFWE required experts through the Association of Agro Economists of Macedonia (AAEM), the livestock department of the Faculty of Agricultural Science and Food and other experts from the livestock institute. For the purpose of formulating the Strategy working groups was established including the identification of key sectorial stakeholders. The SoW for each group was developed and delivered.

The technical assistance took into account national development priorities and EU policies when formulating proposals, especially the latest information on EU CAP. By the end of the second quarter of FY'12, 80% of the document was prepared and postponement officially required. The activity was initiated at the beginning of March and was expected to be completed by end of June 2012. The completion was postponed due to the structural and staff changes in the GoM agencies for food and veterinary.

**Activity Cost:** Total cost: \$24,000; AgBiz share; \$20,000 or 83%

## **Analytical and Technical Support and Recommendations to MAFWE for drafting the National Program for Agriculture and Rural Development 2013-2015 in the Republic of Macedonia**

**Objective:** Activity objective is to support the process of drafting of the 3-annual National Program for Agricultural and Rural Development 2013-2015 (NPARD 2013-2015). The policy areas in the agriculture and rural development which will be covered in the document are areas of: direct payments, rural development and organization of the markets of agricultural products.

**Activity Summary:** To reach this goal a Working group was established with relevant policy formulation experts from the Ministry, local experts from the Faculty for agriculture sciences and food in Skopje, Cathedra of Agricultural Economics and a representative from the Cabinet of the vice-prime minister from the Economic Affairs in the Government of the Republic of Macedonia. This activity will be completed in the first month of the next quarter.

**Activity Cost:** Total cost: \$23,000; AgBiz share; \$18,522 or 80%

## **Preparation of Studies for PDO/PGI Registration for Three Selected Products**

**Objective:** The objective of this Activity is to provide technical support to the MAFWE and private sector entities in the process of preparing guidelines for interested groups that wish to apply for PDO/PGI for “Stanushina” wine, “Ohrid black cherry” and “Winter white” grape. This is a follow up activity on the previous assessment “Assessment of potential products and applicants for PDO/PGI registration”.

**Activity Summary:** For this Activity AgBiz engaged a service provider, and will include MAFWE to make available all resources and information for the finalization of this Activity. The activity started on June 15 and is expected to be finished at the end of the growing season for grapes. This activity includes taking of numerous samples from all the parameters relevant to growing or processing the above mentioned crops and products and their testing in several laboratories. Entities/applicants for registration of the products are informed and ready to cooperate. MAFWE has secured sufficient funds through support measures for marketing, available to entities in possession of PDO, PGI or TPP registration.

**Activity Cost:** Total cost: \$21,600; AgBiz share; \$18,000 or 83%

## I.5.2 Activities Planned for the next Quarter

The Activities listed below are planned to be implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Preparation of a Multi-annual Strategy for Improvement and Monitoring of Milk Quality
- Analytical and technical support and recommendations to MAFWE for drafting the National Program for Agriculture and Rural Development 2013-2015 in the Republic of Macedonia
- Building human resource capacities – preparation for negotiations with EU

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

The main objective of this component is to identify and prioritize the Policy and Institutional Reform Needs (PIRNs), involve 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 STTA.

### I.6.1 Activities Completed the Quarter

During this quarter the following PIRNs were completed:

#### **Lack of Confirmed Products and Selected Producer's Groups as Applicants for PDO and PGI Registration of Products**

**Objective:** The objective of this Activity is to provide technical support to the MAFWE and the private sector's entities in the process of defining the groups interested in applying for PGI or PDO for certain products, and clarifying procedures and costs associated with the application for PDO & PGI registration.

**Activity Summary:** During this quarter the service provider completed the activity and recommended three products to continue with the procedure for PDO or PGI registration. The selection of these products was based on the assessment of commercial significance of the products so the provided entities can find economic interest in maintaining the strict procedures that will be drafted in the guidelines. The guidelines that will be developed through the implementation of another AgBiz activity will be a base for the entities to apply in the MAFWE for registration. The whole procedure is in line with the current EU requirements.

**Activity Cost:** Total Cost: \$5,000; AgBiz Share; \$4,000 or 80%

#### **Lack of Working Procedures and Operating Manual for Sub-sector Standing Groups for fruits and vegetables**

**Objective:** The overall objectives of this activity are the development of the Working Procedures for the Subsector Standing Groups for Fruit and Vegetables based on the needs of the groups and in accordance with Law on Agriculture and Rural development; and the development of the Operation Manual for the Subsector Standing Groups for Fruit and Vegetables.

**Activity Summary:** In cooperation with the project coordinator from MAFWE and Secretaries of the Subsector groups, a final version of the Working procedures and Operating Manual for Sub-sector Standing Groups for fruits and vegetables have been developed and disseminated between members of the Subsector Standing Groups. It contains clear and defined collaboration rules and procedures that will contribute to enhanced confidence and cooperation between partners in the fruit and vegetable value chain and will be used as a platform for sustainable communication.

**Activity Cost:** Total cost: \$ 6.000; AgBiz share; \$ 4.000 or 66%

### ***Lack of Development Effects in the Agricultural Sector from the National Subsidies Program within the Period from 2005 to 2011***

**Objective:** The objective of this Activity is to provide technical support to the Ministry of Agriculture, Forestry and Water Economy (MAFWE) during the process of assessment of impacts and effects of the National Support Programs which are focused on fulfillment of the objectives within NSARD and to increase the competitiveness of the agricultural and rural sector, production of food quality and safety agricultural products with sustainable resources management and improvement of living conditions in the rural environments.

**Activity Summary:** The activity was completed and a full analysis of the effects from the direct subsidies on 11 agricultural products in the last 5 years was given. Nevertheless, the study contains key recommendations for policy makers on future planning of support measures for the strategic crops for Macedonia. The study was disseminated in MAFWE and IPARD agency.

**Activity Cost:** Total Cost: \$6,100; AgBiz Share: \$4,800 or 78%

### ***Technical and Financial Support to the Government of R. Macedonia on Strengthening the Institutional Capacity for Policy Making in the Agricultural Sector***

**Objective:** AgBiz's objectives for this Activity are to provide technical and financial support to Mr. Blagoja Mukanov M.Sc., an advisor for economic affairs in the Cabinet of the Deputy Prime Minister to participate on "on the job" specialized training that will cover areas including programs for public expenditure in the agriculture sector, policy-making for reduction of agricultural land fragmentation, and vulnerability assessment of the agriculture sector.

**Activity Summary:** In accordance with the Government requirements and expectations, the World Bank in Washington DC has offered to facilitate this kind of training Program. For that purpose, they've provided necessary technical support (mentoring, working within teams of experts in the relevant areas, literature etc.) as well as the necessary logistics (office and office equipment) to carry out the training Program. Specifically the training will cover the following matters: Government approaches for the reduction of agricultural land fragmentation; Government spending programs in agriculture and rural development; Vulnerability assessment; Attendance of a global conference of Land Policy Experts. The participant strengthened his capacities and gained sufficient knowledge and skills to contribute to the development of strategic documents and policies for Macedonian agriculture.

**Activity Cost:** Total cost: \$ 14.013; AgBiz share; \$ 12.713 or 90%

#### ***Other PIRNs identified this quarter:***

### ***High Import Duties for Off-Season Import of Fresh Produce for Processing***

Import of fresh fruits and vegetables is burdened with high import duties – 50 % import tax plus excise duty, reaching a value of 65% in total. After October 15<sup>th</sup>, there is no domestic production and raw materials to supply the industry for processing businesses (peppers in particular). Therefore, reduction and/or elimination of the taxes for off season import of fresh produce for processing activities and later for export (for example from October 15<sup>th</sup> to December 31<sup>st</sup>), will increase the performances of the industry and values and volumes of the exported goods. According to PV VC members, access to additional quantities of raw materials will increase their competitiveness and will improve capacity utilization and production outputs of the companies.

### ***Payment of Additional Subsidies for Farmers that Contract with the Industry***

According to the existing legislation, farmers that contract with the industry should receive additional subsidies of 2 MKD/Kg for peppers and gherkins and 1.5 MKD/Kg for other horticulture products delivered to the industry for further processing. However, not all processing Companies have registered buy out centers as requested by the law on agriculture, although the processing facilities are also regarded

as centers where the fresh produce is delivered by the farmers. In this situation, many of the processors still organize their raw material supply through intermediaries – consolidators that are located close to the main production regions and organize collection and delivery of the products. They make contracts with the farmers, and have back-to-back contracts with the processors. This cooperation scheme is not always recognized by the authorities as a model based on which farmers will receive the additional subsidies.

### **Research Study for the Reasons not Functioning of the Agriculture Cooperatives**

In the last few years the number of cooperatives has increased and donors and projects have promoted the establishment and support of the cooperatives, even though it's functioning in the field did not show the expected results. Cooperatives are still very rare, and the problems the members of the cooperative face are various. In that respect the performance of the cooperative is low, membership unstable and the cooperatives' structure remains fragile. Among the reasons for not participating in cooperatives, the producers name the: unstable structure, low confidence in such system, non-strict business rules of organization, low level of investments, and absence of tax preference etc.

### **Implications on the Primary Sector with Potential Lifting of Import Barriers on Main Agricultural Products**

The World Bank is currently undergoing a research analysis on possible lifting of the import customs barriers of the fresh vegetables from other countries which are levied in the main production period season in Macedonia. The potential imports would be on the main raw material for the agribusinesses dealing with food processing. On the other hand lifting of the customs and tariffs can negatively affect the competitiveness of domestic fresh vegetables producers. Therefore, it is vital, through analysis to be conducted before any changes to the policy are made. It is necessary to define adequate mechanism that will prevent “saturating” of domestic market with imported raw material and jeopardize domestic producers but at the same time allow processing companies to be able to import vegetables after the season in Macedonian ends so they can prolong their processing season, increase utilization and improve their productivity.

### **Lack of Knowledge and Information at MBDP about the Specific Needs of PV VC Members for Working Capital**

Besides the several current supporting mechanisms including export assurance, factoring etc., the MBDP was interested to additionally support the industry through provision of loans that would be used by the PV VC members only for purchasing of production inputs. This would additionally stimulate the industry to produce and export more successfully. At the same time the role of the MBRP would be only supportive and would not interfere with regular business relationships of the processing companies with commercial banks. Until now, there was no outcome related to this possibility because the MBPR has no detailed information and characteristics of the specific needs of the processing facilities linked to the seasonality and their needs for liquidity.

## **1.6.2 Activities Planned for the next Quarter**

The above mentioned PIRN that was identified during this quarter “Lack of knowledge and information at MBDP about the specific needs of PV VC members for working capital” was prioritized and will be addressed in the course of the next quarter.

AgBiz will additionally review the submitted PIRNs and bring decision for further steps.

## **1.7 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 the implementation of established measures 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 the exchange of experience among GoM institutions and VC participants.

The component 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.

### **1.7.1 Activities Completed during the Quarter**

#### ***Needs Assessment and Developing Tailored Training Programs created for VC Participants using Participatory Approach***

**Objective:** Identification of the training needs for FF&V and PV VCs representatives and GoM employees related to building their capacity for establishment effective private public dialogue.

**Activity Summary:** During second quarter of 2012, 6 (six) interviews for assessing Training Needs were completed with the MAFWE and NEA employees and representatives from VC organizations. Findings from the Training Needs Assessment were used for creation of the tailor made training curricula for both target groups: VC representatives and employees from GoM institutions responsible for creation and implementation of the policies and strategies for fruits and vegetables

**Activity Cost:** Total Cost: \$5,172; AgBiz Share: \$2,940 or 57%

#### ***Creation of Tailor made Training curricula for VCs' Representatives and Representatives from GoM Bodies***

**Objective:** The objective of the Creation of tailor made curricula for VC representatives and representatives from GoM bodies is to develop comprehensive custom made training curricula based on identification of the training needs for both target groups related to building their capacity for establishment effective private public dialogue.

**Activity Summary:** In line with the training needs assessment, training curricula has been developed, mainly connected to skills building training on how to advocate, what tools and techniques can be applied and how to adapt them to specific needs of VC participants. Topics included in the tailor made training program for VC participants are principles and guidelines in a professional communication, negotiation skills, managing interpersonal and intra-organizational conflict management, conflict resolutions, presentation skills, leadership styles, change and stress management, lobbying, advocacy, internal management for advocacy, developing advocacy strategy, building partnership with governmental institutions, communication with donors, and other related topics derived from needs assessment.

**Activity Cost:** Total Cost: \$2,530; AgBiz Share: \$1,350 or 53%

#### ***Training Delivery for VC Participants and GoM Representatives to Improve Advocacy and Enhance the Policy Dialogue Skills***

**Objective:** Increased capacity of VC participants, umbrella associations, trade, producer organizations and GoM employees in order to enhance dialogue related to strategic, policy and institutional issues.

**Activity Summary:** During the reporting period three two day workshops were organized on the following topics:

- Strategic planning and drafting Mission, Vision, Strategic Goals and Annual operation program;
- Training in Advocacy and Lobbying through building multi-stakeholder partnership and cooperation;
- Improvement of the policy creation and implementation process through participative and inclusive approaches.



## **I.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 will be done by involving the PV and FF&V value chain stakeholders, Invest Macedonia, Government bodies and other relevant entities.

### **I.8.1 Actions taken during the Quarter**

During the quarter AgBiz issued new RfP with slightly modified SoW to solicit proposals for Lead Facilitator to work with CBI experts and IM, liaise with other stakeholders including MAFWE, Ministry of Economy (MoE), Chambers of Commerce etc. and coordinate all logistics for working sessions in developing Sector Export Marketing Plans (SEMPs) for the PV VC and for FF&V VC. Only one proposal was received from Macedonia Export Company that was positively evaluated by the evaluation committee. AgBiz held review meeting with Macedonia Export to fine tune the proposal and subcontracted them as Lead Facilitator for this task.

In parallel with the process for selection of LF, AgBiz in cooperation with CBI coordinated two days Kick-off event to introduce the Sector Export Marketing Plans (SEMPs) concept based on the experience of CBI and AgBiz in creating SEMP for Wine. During the first day the process was presented to MAFWE, MoE and other related institutions and second day outlined the steps needed to develop SEMPs with wider group of FF&V and PF&V VC participants and other stakeholders. AgBiz introduced: actual state of affairs in FF&V and PF&V value chains in Macedonia, immediate necessities and possible solutions for further growth whereas CBI's international expert presented preconditions for exporting to the European Union: possibilities and challenges, followed by discussions, Process for Developing Sector Export Marketing Plans as well as concrete follow-up measures and next steps toward the development of a cooperation Program: planning, leaders, organization, logistics, drafting teams etc. A concrete plan on how to work with the local Lead Facilitator and all relevant stakeholders on development of Sector Export Marketing Plans and tentative schedule of future workshops was agreed.

### **I.8.2 Actions Planned for the Next Quarter**

After the kick off meeting, Macedonia Export as Lead Facilitator will coordinate serial of follow up actions that will include meeting with CBI local representative for coordination of the preparatory steps needed as a prerequisite for the next working session envisioned for September, coordination meetings with representatives of AgBiz LFs MAP and EpiCentar for definition of the most relevant representatives from both FF&V and PF&V value chains that should participate in the process for developing SEMPs, on site visits and meetings with the FF&V and PF&V representatives in order to inform them about the SEMP development process, benefits and responsibilities for providing direct input, discuss tentative schedule for the next working sessions, define and nominate representatives to be included in the SEMPs writing teams as well as information meetings with governmental and public institutions and other donors in order to inform them about the SEMP development process, defining key contact person and appointing representatives that will participate in the working sessions.

It is expected this activity to result in clear commitment and nominated representatives from both VC participants as well as relevant GoM institutions to be included in the SEMPs writing teams, established outline for the SEMP document and identified information and documents needed for the preparation phase of the next working session on Internal Analysis scheduled for September.

## **I.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. Most companies do not even consider the option of going to a financial

institution mainly due to the perceived unfavorable conditions under which local banks operate, especially related to loan appraisal, terms and collateral requirements. Companies exporting fresh and processed fruits and vegetables often require finance for investments in new technology, upgraded machinery and facility expansion. Perhaps an even bigger need for financing is the working capital needed to source inputs from farmers thus serves export customers who often pay 90-120 days after delivery. 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. In many cases, it entails carefully thought out financial engineering and finding the financial institution or equity partner that best fits a company's needs. The experience of Financial Platform <sup>2</sup> (FP) program and the Innovation Center (IC) showed the following constrains:

Demand side (Companies): Limited supply of bankable project proposals to banks. The three major causes of this core issue from the demand side are:

- Poor identification and planning of firms' investment needs;
- Limited attractiveness/creditworthiness of firms to outside investors/creditors;
- Poor understanding of financial products that financial institutions are offering.

Supply side (Financial Institutions): Mismatch between the demand and offer of financial services. The core causes of this issue related to financial institutions are:

- High collateral requirements (1:2 even 1:3) and fixed bank fees;
- Limited depth and outreach of financial service offer, and
- Restricted use of project finance approach.

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);
- Lost opportunity for incremental employment;

In order to address this is 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.

### **I.9.1 Activities Completed during the Quarter**

#### **Matchmaking Event for Fresh Fruit and Vegetable and Processed Vegetable Value Chains**

**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;

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<sup>2</sup> 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.

- To match Financial Facilitators and companies that would need their assistance;
- Ultimately, to serve as matchmaking and networking opportunity between all access to finance stakeholders i.e. businesses, FIs and Financial Facilitators

**Activity Summary:** This quarter, on May 8th, IC team in co-organization with Foundation Crimson Capital, hosted a matchmaking event for companies and FFs, introducing the USAID IFV (Innovation Financing Vehicle Project). About 30 company representatives and FFs attended the event and they had the opportunity to learn how to apply for innovation projects in agriculture. The event was held in Skopje.

The impact of the matchmaking events is multifold. Apart from their obvious educational purpose they also set the stage for long-lasting relationships among SMEs, FIs and FFs. At the matchmaking event in Skopje, over 20 business representatives had the opportunity to learn more about the innovation financing vehicle.

The event also had representatives from the business who are looking for investors for their innovation in the agricultural sector. Also the educational event in Kavadarci had over 30 participants from companies and individual farmers who had the opportunity to learn about innovative financial products/services and meet in person with loan officers and a Financial Facilitator whom with they can talk more specifically about possible cooperation.

**Activity Cost:** Total Cost: \$6,150; AgBiz Share: \$1,700 or 28%

### **Educational Brochure on Innovative Financial Products Available in Macedonia**

**Objective:** The primary objective of this activity is to develop, print and disseminate a comprehensive brochure that would enhance the process of overcoming the asymmetric information flow between supply and demand that results in lack of knowledge of existing and available financial products.

**Activity Summary:** In order to enhance the matchmaking and education events, in February IC started developing a brochure featuring 15 innovative financial products such as factoring, export insurance, purchase order finance, lasing, leaseback, DCA guarantees, EE credit lines etc. A consultant was hired to interview the FIs and gather all the necessary documentation that was then printed. Copies of the brochure were disseminated to companies and farmers at the events of AgBiz and subsequent events of AgBiz Lead Facilitators. Copies of the brochure will also be disseminated to farmers at the educational events planned for late March and early April and copies were provided to FFRM for dissemination. Electronic version of the brochure is available both on IC's website, AgBiz's website, EpiCentar's website, FFRM's website and its members, etc.

**Activity Cost:** Total Cost: \$6,000; AgBiz Share: \$6,000 or 100%

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

**Objective:** The objective of this activity is to 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 quarter the Financial Facilitators, with IC's support, helped 8 companies access finance in the total amount of 2.534.652 US\$. The total investment facilitated was 4.172.258 US\$. To date, the access to finance component has helped 12 companies and one farmer access finance successfully. Apart from facilitating a total investment of over 5,6 million US\$, this activity also helped open 46 new direct jobs, 1050 indirect jobs and 169 seasonal jobs. This will also result in 2,614,000 US\$ of increased export. There are 12 more projects in the pipeline, which are expected to result with companies accessing 770,996 US\$ of fresh capital and investing over 1 million US\$. This investment will further effect exports expected to increase by about 639,000 US\$.

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

## Educational Events for Farmers

**Objective:** The wider objective of the educational events for the farmers part of the FFV & PV VC's is as follows:

- To communicate to the farmers the identified *issues* impeding access to finance;
- To create a platform for exchange of information to overcome the lack of information dissemination and prevalent current mistrust amongst the farmers and banks;
- To serve as a possibilities for matchmaking between the access to finance demand and supply sides;
- To match Financial Facilitators and farmers that would need their assistance;
- Ultimately, to serve as matchmaking and networking opportunity between all access to finance stakeholders i.e. farmers, FIs and Financial Facilitators.

**Activity Summary:** This quarter the IC team co-organized together with EpiCentar an educational event in Kavadarci. The objective of the event was to educate the companies from the FFV& PV VC located in the region gravitating around Kavadarci.

**Activity Cost:** N/A

### I.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 1.10.4*).

- Disseminating the brochure;
- On-going management of the AtF project pipeline.

## I.10 PERFORMANCE MONITORING AND EVALUATION

Implementation of comprehensive data collection, data quality assessment and reporting continued during this Quarter according to the previously established methodology.

### I.10.1 Activities Completed during the Quarter

- The FY'12 Second Quarter Report was finalized and approved by USAID;
- Data collection of Indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities for CY'12 Second Quarter (April – June) from both AgBiz supported VCs' Lead Actors was coordinated and data quality verified;
- Activity Post-Evaluation forms were obtained from LFs, data quality was assured and the matrix for tracking results achieved from Activities implemented during the reporting period was updated;
- FY'12 mid-year review on indicator accomplishments and charts tracking FY'12 Activities implementation dynamics was completed;
- The input reporting microenterprise-related results from FY 2011 in USAID's Microenterprise Results Reporting (MRR) database was updated, and
- The RAISE PLUS Semi-Annual Report presenting results achieved in the period from October, 2011 to March, 2012 was updated.

### I.10.2 Activities Planned for the Next Quarter

- Continue monitoring and mentoring selected LFs to successfully implement data collection, tracking indicator achievements and follow reporting procedures, and

- Continue updating input and maintain the internal Management Information System to assure proper implementation of data collection methodology, data quality assessment and reporting.

### **I.10.3 Quantitative Performance Indicators**

Progress toward achieving both qualitative and quantitative program objectives was very satisfactory during the Quarter. Achievements on quantitative performance indicators that are reported on Calendar Year and Quarterly basis are shown in Table 2 below.

Both anticipated and actual results achieved in 2011 that are reported on Calendar Year basis are presented in the first two columns. It can be noticed that all of the standard result-oriented Indicators targets are achieved.

Indicators that are reported on Quarterly basis (their Past Performance, Achievements made during the reporting period, Cumulative results achieved during FY'12 and their Targets) are presented in the following four (4) columns.

Due to the complexity of the majority of the Activities implemented so far by subcontracted VC and Non-VC LFs as well as the ones remaining to be implemented in the last quarter of the FY, the indicator achievements are not necessarily evenly distributed throughout the year. Since the end of the third quarter represents 75% of the FY, an indicator that is at least 75% accomplished can be considered on-schedule. At the end of this reporting period, over 72% of the indicators are on-schedule or are being overachieved.

**TABLE 2. CY'11 AND FY'12 ACHIEVEMENTS TO DATE**

		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS				
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	CY'11 (Jan 1-Dec 31, 2011) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'12 TO DATE	FY'12 (Oct 1, 2011-Sept 30, 2012) TARGETS	PERFORMANCE (in %)
<b>Overall Objective: Increased incomes for all types of participants in selected agricultural value chains</b>								
Indicator Number	Indicator Title							
Indicator 1.	Value of incremental sales (collected at farm-level) attributed to USG assistance (in US Dollar)	\$1.221.754	\$1.160.518	N/A	N/A	N/A	N/A	105%
Indicator 2.	Percent change in value of total sales of targeted agricultural commodities	7%	7%	N/A	N/A	N/A	N/A	100%
<b>IR 1.1</b>	<b>Increased domestic and export sales resulting from the activities of local partners</b>							
Indicator 1.1.1	Value of sales of targeted agricultural commodities as a result of USG assistance (in US Dollar)	\$35.688.747	\$35.643.217	N/A	N/A	N/A	<b>N/A</b>	<b>100%</b>
Indicator 1.1.1 a	Value of sales to domestic market	\$8.726.509	\$8.916.931	N/A	N/A	N/A	N/A	98%
Indicator 1.1.1 b	Value of sales to the regional market	\$13.611.111	\$13.257.742	N/A	N/A	N/A	N/A	103%
Indicator 1.1.1 c	Value of sales to international market	\$13.287.016	\$13.287.016	N/A	N/A	N/A	N/A	100%
Indicator 1.1.1 d	Value of sales to domestic market (planting material)	\$183.000	\$181.528	N/A	N/A	N/A	N/A	101%
Indicator 1.1.2	Volume of sales of targeted agricultural commodities as a result of USG assistance (in MT)	39.413	39.717	N/A	N/A	N/A	<b>N/A</b>	<b>99%</b>
Indicator 1.1.2 a	Volume of sales to domestic market (in MT)	11.811	12.084	N/A	N/A	N/A	N/A	98%
Indicator 1.1.2 b	Volume of sales to the regional market (in MT)	14.652	14.408	N/A	N/A	N/A	N/A	102%
Indicator 1.1.2 c	Volume of sales to international market (in MT)	12.950	13.225	N/A	N/A	N/A	N/A	98%
<b>Output Level Indicators</b>								
Indicator 1.1.1.1	Number of new varieties and products from the supported VCs developed	N/A	N/A	In Progress	4	4	16	25%
Indicator 1.1.1.2	Number of new exporters and new participants in the supported value chains	276	206	N/A	N/A	N/A	N/A	134%
Indicator 1.1.1.3	Number of export capacity enhancement activities for Invest Macedonia	N/A	N/A	3	5	8	10	80%
<b>IR 1.2</b>	<b>Improved competitiveness and productivity of targeted value chain participants resulting from the activities of local partners</b>							
Indicator 1.2.1	Number of private sector firms that have improved management practices as a result of USG assistance	N/A	N/A	484	650	1.134	1.293	88%
Indicator 1.2.2	Number of new technologies or management practices introduced	N/A	N/A	32	36	68	41	166%
<b>Output Level Indicators</b>								
Indicator 1.2.1.1	Number of formal delivery contracts made by supported VC participants	433	249	N/A	N/A	N/A	<b>N/A</b>	<b>174%</b>
Indicator 1.2.1.2	Total number of individuals who have received USG supported short-term agricultural training	N/A	N/A	831	1.987	2.818	3.258	86%

TABLE 2. CY'11 AND FY'12 ACHIEVEMENTS TO DATE

		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS				
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	CY'11 (Jan 1-Dec 31, 2011) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'12 TO DATE	FY'12 (Oct 1, 2011- Sept 30, 2012) TARGETS	PERFORMANCE (in %)
Indicator 1.2.1.2 a	Number of male individuals who have received USG supported short-term agricultural training	N/A	N/A	638	1.485	2.123	2.445	87%
Indicator 1.2.1.2 b	Number of female individuals who have received USG supported short-term agricultural training	N/A	N/A	193	502	695	813	85%
Indicator 1.2.1.3	Number of capacity-building service providers receiving USG assistance	N/A	N/A	46	43	89	55	162%
<b>IR 1.3</b>	<b>Strengthened strategic planning and policy making of GoM and private sector partners</b>							
Indicator 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	N/A	In Progress	3	3	4	75%
<b>Output Level Indicators</b>								
Indicator 1.3.1.1	Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed	N/A	N/A	3	2	5	10	50%
Indicator 1.3.1.1 a	Number of policy reform needs identified	N/A	N/A	10	4	14	12	117%
Indicator 1.3.1.2	Number of Sector Export Promotion Strategies developed	N/A	N/A	In Progress	In Progress	In Progress	2	N/A
Indicator 1.3.1.3	Number of advocacy capacity building activities implemented	N/A	N/A	In Progress	3	3	9	33%
Indicator 1.3.1.4	Number of VC entities who have received advocacy capacity building training	N/A	N/A	In Progress	23	23	34	68%
Indicator 1.3.1.5	Number of individuals who have received advocacy capacity building training	N/A	N/A	In Progress	68	68	245	28%
<b>IR 1.4</b>	<b>Increased access to finance in the agriculture sector resulting from the activities of local partners</b>							
Indicator 1.4.1	Value of loans facilitated from non-DCA and DCA-supported finance institutions (in 000 USD)	N/A	N/A	929,2	2.534,7	3.463,9	4.000	87%
<b>Output Level Indicators</b>								
Indicator 1.4.1.1	Number of SMEs receiving USG assistance to access bank loans or private equity	N/A	N/A	5	8	13	20	65%
Indicator 1.4.1.2	Value of customer financing need identified (in 000 USD)	N/A	N/A	50	3.871	3.921	925	424%
Indicator 1.4.1.3	Value of value chain participants investment stimulated (in 000 USD)	N/A	N/A	409	565	974	1.537	63%

### **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 untitled "To be Developed"). Under section entitled "Being Developed" are listed Activities for which detailed Activity Descriptions were developed and submitted to AgBiz by the LFs for further review and approval. The following section "Being Implemented" lists Activities that are approved by both AgBiz and USAID; agreements with partners and participants were 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 selected 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 \$623,621 to which AgBiz contributed by 44%. Thirty-six (36) new technologies or management practices were introduced to 1,987 representatives from 221 agribusinesses that participated in AgBiz supported Activities. The participants gave the Activities an average level of satisfaction score 4.8 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	
<b>TO BE DEVELOPED</b>						
641	Joint supplies of packaging material for processing industry	<b>PV</b>	N/A	N/A	N/A	Analyze potentials for increased security for packaging material supply, and improved bargaining power of PV VC members
642	Proper aftercare for the most prospect FDI leads in Agriculture identified by IM	<b>IM</b>	N/A	N/A	N/A	Enable Invest Macedonia to adequately serve potential FDIs and improve the likelihood of investing in Macedonian Agriculture
643	Establishing communication channel for ongoing communication between VC participants and GoM bodies	<b>PPD</b>	N/A	N/A	N/A	Establish a platform that will provide active support for final decision making
911	Development of Invest Macedonia Export Newsletter	<b>IM</b>	N/A	N/A	N/A	The newsletter will serve as a tool to inform the stakeholders and strengthen PPD
912	Development of on-line information tool	<b>PPD</b>	N/A	N/A	N/A	Publish all stages of development of national support programs, laws, bylaws, regulations, strategic documents etc
<b>BEING DEVELOPED</b>						
154	Building Human Resources Capacities (Preparation for EU Negotiation)	<b>SOE</b>	12.000	10.000	83 %	Prepare and deliver training for selected MAFWE employees for direct negotiations with EU representatives on priority Agriculture issues for Macedonia
156	Engagement of International Technical Production Expert for Table Grapes Planting Material and Production Technology	<b>FF&amp;V</b>	11.789	5.453	46 %	Improve the production technology among the leading producers of planting material and table grapes providing adequate on-field instructions and advice by the international expert
326	FF&V VC Participants at World Food Moscow 2012 Trade Fair	<b>FF&amp;V</b>	62.953	7.921	13 %	Assess the interest of the Russian buyers for establishing direct contacts with Macedonian producers and exporters of FF&Vs
327	Participation of PV VC members on International Fair World Food Moscow	<b>PV</b>	63.425	10.001	16 %	Present and promote Macedonian PV products to potential buyers in Russia and identify and establish business contacts with potential importers and distributors
633	New Product Development	<b>PV</b>	30.000	6.000	20 %	Develop and present samples of new products that will be later registered and promoted on the market
910	Acquiring and Dissemination of Euromonitor International Market Data	<b>IM</b>	39.000	15.000	38 %	Increase the ability of IM to effectively plan and execute marketing and promotional activities, as well as support the process of strengthening capacity of IM and development of new services to export oriented companies
<b>BEING IMPLEMENTED</b>						
147	Technolny Transfer from the Training in Post Harvest Technology (Phase 4)	<b>FF&amp;V</b>	N/A	N/A	N/A	Increase the knowledge of post-harvesting techniques that would lead to improved final product quality and competitiveness
149	Introduction of New Varieties and New Vegetable Production Technologies (Phase 2)	<b>PV</b>	27.000	19.000	70 %	Improve cooperation between primary producers and PV members and increase competitiveness of Macedonian PV VC
150	Technical on-field Assistance for Modern Production Technology of Table Grapes (Phase 3)	<b>FF&amp;V</b>	14.280	8.280	58 %	Improved productivity and competitiveness of the table grapes produced in accordance with the EU market demands
151	Training Delivery for VC Participants and GoM Representatives to Improve Advocacy and Enhance the Policy Dialogue Skills Organization of the first training sessions - Training delivery for VC participants (Phase 2)	<b>PPD</b>	15.420	12.420	81 %	Develop and enhance the business management and personal competencies of wide range of target groups
153	Training program for farmers for adoption of EU requirements (Phase 2)	<b>PV</b>	34.934	26.934	77 %	Increase the knowledge of primary producers about EU requirements on needs for adoption in their production practices, as well as to improve capacities for their implementation
243	Organization of Networking Event with Non-traditional Export Markets through Conference and B2B Meetings (Phase 2)	<b>FF&amp;V</b>	45.005	15.395	34 %	Increased potential for non-traditional market presence and increased export sales
624	Facilitation/implementation of contract farming	<b>PV</b>	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
625	Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material (Phase 3)	<b>FF&amp;V</b>	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 (Phase 2)	<b>FF&amp;V</b>	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 (Phase 3)	<b>FF&amp;V</b>	24.200	9.200	38 %	Improve integration of the supply value chain for fresh pepper production through uniformed production and higher yields
628	Helping companies access finance by cost-sharing the services of IC FP pool of Financial Facilitators	<b>AtF</b>	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
630	Preparation of a Multi-annual Strategy for Improvement and Monitoring of Milk	<b>SOE</b>	24.000	20.000	83 %	Technical support to MAFWE in the process of preparation a Multi-annual Strategy for Improvement and Monitoring

**TABLE 3. ACTIVITIES STATUS REPORT**

MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	ACTIVITY COST (US\$)			ACTIVITY DESCRIPTION/OBJECTIVE						
			TOTAL	AGBIZ	AgBiz Percentage							
	Quality					of Milk Quality needed to adjust and improve the dairy sector to the newly modification of the EU Common Agricultural Policy						
631	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 Macedonian agriculture products						
632	Provision of comprehensive technical on-field assistance for modern post-harvesting apple technology	FF&V	18.478	10.997	60 %	Increase product diversification and increase competitiveness on domestic and export market by introduction of new demanded product types and varieties						
634	Technical assistance in implementation of GlobalGAP	PV	10.000	5.000	50 %	Increase the quality of raw materials and income of the farm holds encompassed by the GlobalGAP implementation						
635	Technical assistance in implementation of IFS standard (Phase 2)	PV	20.400	8.000	39 %	Improve food safety and food quality practices by domestic vegetables processors and producers						
640	Analytical and technical support and recommendations to MAFWE for drafting the National Program for Agriculture and Rural Development 2013-2015	SOF	23.000	19.000	83 %	Support the process of drafting of the 3-annual National Program for Agricultural and Rural Development						
903	Preparation of VC Baseline Screening through Focus Group Discussions (Phase 4)	FF&V	32.250	16.110	50 %	Setting up a mechanism for continuous monitoring of a VC performance on a primary production level						
904	Acquiring and Dissemination of International Market Data (Phase 2)	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						
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							
147	Technolgy Transfer from the Training in Post Harvest Technology (Phase 3)	FF&V	N/A	N/A	N/A	N/A	N/A	N/A	74	21	N/A	N/A
150	Technical on-field Assistance for Modern Production Technology of Table Grapes (Phase 2)	FF&V	14.280	8.280	58 %	2	2	1	90	30	2	N/A
243	Organization of Networking Event with Non-traditional Export Markets through Conference and B2B Meetings (Phase 1)	FF&V	45.005	15.395	34 %	N/A	13	N/A	19	7	2	N/A
247	Fresh Fruits and Vegetables VC Participants visit the International Agricultural Fair 2012 in Novi Sad, Serbia	FF&V	15.360	4.960	32 %	N/A	2	4	55	10	N/A	N/A
253	Modern Production Technologies for Planting Material, Table Grapes and Apples in Italy	FF&V	35.867	21.360	60 %	N/A	8	7	13	2	2	4,8
625	Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material (Phase 2)	FF&V	14.100	7.100	50 %	2	2	2	90	30	2	N/A
626	Supporting sustainable and continuous domestic production of high quality, certified, market demanded apple planting material (Phase 2)	FF&V	13.625	6.625	49 %	N/A	2	2	167	55	N/A	N/A
627	Support to the process of compliance of the primary production with the requirement of the buyers and the market demand (Phase 2)	FF&V	24.200	9.200	38 %	N/A	1	1	105	35	N/A	N/A
903	Preparation of VC Baseline Screening through Focus Group Discussions (Phase 3)	FF&V	32.250	16.110	50 %	N/A	N/A	N/A	50	15	N/A	N/A
<b>FF&amp;V VC COMPONENT SUBTOTAL</b>			<b>194.687</b>	<b>89.030</b>	<b>46 %</b>	<b>4</b>	<b>30</b>	<b>17</b>	<b>663</b>	<b>205</b>	<b>8</b>	<b>4,8</b>
149	Introduction of New Varieties and New Vegetable Production Technologies (Phase 1)	PV	27.000	19.000	70 %	N/A	9	3	180	114	4	N/A
153	Training program for farmers for adoption of EU requirements (Phase 1)	PV	34.934	26.934	77 %	N/A	7	3	343	49	5	N/A
251	Processed Vegetables VC Participants Visit the International Agri-food Fair and Institute in Novi Sad, Serbia	PV	10.017	3.017	30 %	N/A	5	6	43	9	2	4,8
635	Technical assistance in implementation of IFS standard (Phase 1)	PV	20.400	8.000	39 %	N/A	4	2	9	7	N/A	N/A
904	Acquiring and Dissemination of International Market Data (Phase 1)	PV	16.000	8.000	50 %	N/A	46	N/A	37	16	2	N/A
907	Survey of raw material supply, employment and sales performance of PV VC for 2011	PV	5.500	2.500	45 %	N/A	44	N/A	34	17	2	N/A
<b>PV VC COMPONENT SUBTOTAL</b>			<b>113.851</b>	<b>67.451</b>	<b>59 %</b>	<b>N/A</b>	<b>115</b>	<b>14</b>	<b>646</b>	<b>212</b>	<b>15</b>	<b>4,8</b>
158	Invest Macedonia Export Promotion Planning Conference	IM	N/A	N/A	N/A	N/A	14	N/A	9	14	4	N/A

**TABLE 3. ACTIVITIES STATUS REPORT**

MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	ACTIVITY COST (US\$)			ACTIVITY DESCRIPTION/OBJECTIVE						
249	Study Tour for Transfer of International Best Practices in Export Promotion	IM	22.530	5.480	24 %	N/A	N/A	1	3	4	N/A	N/A
250	Supporting the Invest Macedonia Agency to organize a Study Tour and Promotion of Macedonian Wines in the US, June, 2012	IM	144.785	39.846	28 %	N/A	9	1	10	5	N/A	N/A
252	Participation at First Forum Of Traders and Producers from CEE Wholesale Markets in Bronisze, Poland	IM	2.883	1.401	49 %	N/A	2	2	4	0	N/A	4,8
906	Contribute to the Development of the IT System of Invest Macedonia	IM	48.500	7.000	14 %	N/A	N/A	N/A	N/A	N/A	4	N/A
<b>SUPPORT TO INVEST MACEDONIA COMPONENT SUBTOTAL</b>			<b>218.698</b>	<b>53.727</b>	<b>25 %</b>	<b>N/A</b>	<b>25</b>	<b>4</b>	<b>26</b>	<b>23</b>	<b>8</b>	<b>4,8</b>
639	Kick off meeting to initiate the development of Sector Export Marketing Plans for FF&V and PV VCs	SEMP	5.850	2.640	45 %	N/A	8	1	26	20	4	N/A
<b>SoF COMPONENT SUBTOTAL</b>			<b>5.850</b>	<b>2.640</b>	<b>45 %</b>	<b>N/A</b>	<b>8</b>	<b>1</b>	<b>26</b>	<b>20</b>	<b>4</b>	<b>N/A</b>
636	Support in Preparation of Secondary Legislation based on Recently Adopted Laws related to Agriculture Sector	SOE	18.000	15.000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>SoF COMPONENT SUBTOTAL</b>			<b>18.000</b>	<b>15.000</b>	<b>83 %</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
637	Technical and financial support to the GoM on strengthening the institutional capacity for policy making in the agricultural sector	PIRN	14.013	12.713	91 %	N/A	N/A	N/A	1	N/A	N/A	N/A
638	Operating Manual and Working Procedures for Sub-sector Standing Groups	PIRN	6.000	4.000	67 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
908	Preparation of Impact Assessment Study on the Effects from the National Subsidies Program within the period from 2005 to 2011	PIRN	6.100	4.800	79 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
909	Assessment of the potential products and entities applying for PDO or PGI registration for specific Macedonian agriculture products	PIRN	5.000	1.000	20 %	N/A	N/A	N/A	N/A	N/A	1	N/A
<b>PIRN COMPONENT SUBTOTAL</b>			<b>31.113</b>	<b>22.513</b>	<b>72 %</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1</b>	<b>N/A</b>	<b>1</b>	<b>N/A</b>
151	Training Delivery for VC Participants and GoM Representatives to Improve Advocacy and Enhance the Policy Dialogue Skills Organization of the first training sessions - Training delivery for VC participants (Phase 1)	PPD	15.420	12.420	81 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
622	Tailor made Training curricula for VCs' Representatives and Representatives from GoM Bodies	PPD	2.530	1.350	53 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
902	Needs Assessment and Developing Tailored Training Programs created for VC Participants using Participatory Approach	PPD	5.172	2.940	57 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>PPD COMPONENT SUBTOTAL</b>			<b>23.122</b>	<b>16.710</b>	<b>72 %</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
148	Matchmaking Events for Fresh Fruit and Vegetable and Processed Vegetable Value Chains (Phase 3)	AtF	12.300	3.400	28 %	N/A	29	N/A	50	15	2	N/A
155	Innovation in Agriculture and how to access the newly established USAID's Innovation Financing Vehicle	AtF	N/A	N/A	N/A	N/A	14	N/A	13	7	5	N/A
905	Educational Brochure on Innovative Financial Products Available in Macedonia	AtF	6.000	6.000	100 %	N/A	N/A	N/A	60	20	N/A	N/A
<b>AtF COMPONENT SUBTOTAL</b>			<b>18.300</b>	<b>9.400</b>	<b>51 %</b>	<b>N/A</b>	<b>43</b>	<b>N/A</b>	<b>123</b>	<b>42</b>	<b>7</b>	<b>N/A</b>
<b>TOTAL END OF FY'12 TO DATE</b>			<b>623.621</b>	<b>276.471</b>	<b>44 %</b>	<b>4</b>	<b>221</b>	<b>36</b>	<b>1.485</b>	<b>502</b>	<b>43</b>	<b>4,8</b>
<b>ON HOLD OR DROPPED</b>												
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						
248	Presentation of modern production systems of all targeted VCs through Organization of Study Tours in Israel	FF&V	50.772	22.122	44 %	Improve technology and management practice transfer and explore potential new market linkages						
632	Introduction and Promotion of Production of New Fresh Pepper Types (Bell Pepper)	FF&V	18.590	7.340	39 %	Increase product diversification and competitiveness on the domestic and export markets by introducing new demanded product types and varieties						

## **I.11 OUTREACH AND COMMUNICATION**

### **I.11.1 Activities Completed during the Quarter**

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

- Developed and issued media advisories and press releases on:
  - Kick-off Meeting for Developing Sector Export Marketing Plans (SEMPs) for FF&V and PF&V, held on May 17 (published in 10 electronic media), and
  - Study Tour in Italy for the Macedonian producers of table grapes and apples (published in 6 electronic media).
- Reviewed and cleared CeProSARD's press releases on Subsector Standing Groups Strategic Management Training (published in 4 electronic media) and Advocacy and Lobbying Training (published in 9 electronic media), Innovation Center activity info on Presentation of the Newly Established USAID's Innovation Financing Vehicle, posted on the USAID web site and Invest Macedonia press release on Study and Promotional Tour of Macedonian Wineries in USA (published in 23 print and electronic media).
- Compiled press clippings of 69 AgBiz Program's media exposures released during the period January-March, 2012 and 57 media exposures for the period April-June, 2012.
- Attended CEED's Networking Event where the work of the AgBiz Extension was presented to all interested entrepreneurs from Skopje, Polog, Vardar and Eastern region (May 9).
- Participated on the Inclusiveness Development Training, organized by USAID Mission in Macedonia (May 22).
- Developed scenario for the USAID's officials' field trip on May 4, 2012 in Eko Oaza Samandov – Vinica.
- Provided assistance on marking and branding compliance for the:
  - CIPOZ's power point presentation on New Varieties and Production technologies;
  - Article on Sour Cherry, prepared by EpiCentar, to be published in Moja Zemja;
  - Epi Centar's power point presentation for the Nontraditional Markets Workshop;
  - MCG's brochures – compiling materials from the training sessions for farmers on Adoption of EU Requirements.
- Developed success stories on Australia and Poland Study Tours.
- Coordinated regular update of the AgBiz web site..
- 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.
- Present Inclusive Development to AgBiz lead facilitators



## 2.0 FINANCIAL REPORT

The third Quarter financial report is shown below. The report indicates that 84% of the program term is completed, 80% of the total budget has been invested. AgBiz expects an increase of Project Burn Rate during next Quarter, as a result of LF's implemented activities entering into completion phase. Expenditures to date are consistent with plan.

<b>CONTRACT No. EDH-I-03-05-00006-00</b> <b>Macedonia AgBiz</b> <b>Quarterly Report</b> <b>CONTRACT EXPENDITURES through June 30, 2012</b>					
Category	Contract Budget	Incurred as of 3/31/2012	Quarterly Costs 4/1/12 - 6/30/12	Total Costs Incurred as of 6/30/12	Remaining
Total All Other Costs	\$7,478,638	\$5,601,191	\$315,508	\$5,916,699	\$1,561,939
Grants	\$465,024	\$465,024	\$0	\$465,024	\$0
<b>SUB TOTAL CONTRACT COSTS</b>	<b>\$7,943,662</b>	<b>\$6,066,215</b>	<b>\$315,508</b>	<b>\$6,381,723</b>	<b>\$1,561,939</b>
FEE	\$345,664	\$231,323	\$14,198	\$245,521	\$100,143
<b>TOTAL CONTRACT COSTS</b>	<b>\$8,289,327</b>	<b>\$6,297,539</b>	<b>\$329,706</b>	<b>\$6,627,244</b>	<b>\$1,662,082</b>



# 3.0 REPORTS PRODUCED DURING THE QUARTER

## 3.1 EXTERNAL REPORTS

### 3.1.1 Outreach Releases

AgBiz's Press clippings April - June, 2012

Media Advisory - Macedonian Producers of Table Grapes and Apples on Study Tour in Italy

### 3.1.2 Success Stories

USAID's AgBiz Success Story - Australia Study Tour

USAID's AgBiz Success Story - New Market for Turan in Poland

### 3.1.3 Technical Materials

Survey of Raw Material Supply, Employment and Sales Performance of PV VC for 2011

Assessment of the potential products and entities applying for PDO/PGI registration for specific Macedonian agriculture products

Operating Manual and Working Procedures for Sub-sector Standing Groups

Impact Assessment Study on the Effects from the National Subsidies Program within the period from 2005 to 2011

## 3.2 INTERNAL REPORTS

Activity Result Report "Fresh Fruits and Vegetables VC Participants visit the International Agricultural Fair 2012 in Novi Sad, Serbia "

Activity Result Report "Modern Production Technologies for Planting Material, Table Grapes and Apples in Italy"

Activity Result Report "Processed Vegetables VC Participants Visit the International Agri-food Fair and Institute in Novi Sad, Serbia"

Activity "Study Tour and B2Bs in Australia" Three-month Follow-up

Activity Result Report "Study Tour to Slovakia and Czech Republic for Transfer of International Best Practices in Export Promotion"

Activity Result Report "Supporting the Invest Macedonia Agency to organize a Study Tour and Promotion of Macedonian Wines in the US"

Activity Result Report "Participation at First Forum of Traders and Producers from CEE Wholesale Markets in Bronisze, Poland"

Activity Result Report “Creation of Tailor made Training curricula for VCs’ Representatives and Representatives from GoM Bodies”

Activity Result Report “Support in Preparation of Secondary Legislation based on Recently Adopted Laws related to Agriculture Sector”



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