



**USAID Serbia
Agribusiness
Project**



USAID Serbia Agribusiness Project

Annual Workplan Summary – Year Three

October 1, 2009 – September 30, 2010

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Contractor: Development Alternatives, Inc.

Plan Author: Louis Faoro, Chief of Party

Project CTO: Djordje Boljanovic

USAID Office: USAID Belgrade, Serbia

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I. WORKPLAN INTRODUCTION & SUMMARY:

Development Alternatives, Inc. (DAI) is pleased to present this Annual Workplan for Year Three of the USAID Serbia Agribusiness Project which covers the period October 1, 2009 to September 31, 2010. This Workplan presents details regarding the tasks and activities that the Project will undertake during this period, and it presents the expected impact of these activities on client companies and organizations. This document is a summary Workplan, which is supported by a series of Annexes which have been prepared to provide the USAID Mission to Serbia with additional detail on the activities to be undertaken in each of the commodity sub-sectors, as well as activities that will be undertaken as part of the cross cutting functions.

Executive Summary:

Understanding the Work Plan for Year Three begins with understanding the experience gained from Year Two Project activities. The Project set out to solidify the program by; a) validating the selection of our six-subsectors, b) setting the program on course to effectively address each sub-sector, and c) establishing the momentum necessary to reach optimum implementation over succeeding Project years. Achieving these objectives was largely accomplished, but success was limited by two major obstacles encountered during the year. The first was the impact of the global financial crisis on Serbian agriculture, which was more severe than expected. The second was the unanticipated failure of SIEPA, and the Ministry of Agriculture, to fulfill their commitments to financially support targeted international trade shows, a key Project component. Overcoming these obstacles required operational flexibility on the part of the Project, and the development of innovative program strategies. Year Three begins with the impact of the financial crisis still evident, and with ministry support for international events still uncertain.

In Year Three the Project will deal with the financial crisis by working more on developing niche and specialty products, which can better resist inevitable market volatilities. This will be particularly evident through increased exports of specialty dairy products, more emphasis on value-added production (ie retail packaged goods), and increased attention to regional markets (ie former Yugoslav republics and the Balkans). The Project will deal with shrinking public funding of international marketing events by developing new approaches international trade fair financing, outsourcing the organization & management, and limiting the number of events targeted.

The Project proposes the establishment of a third regional office in Year Three. After nearly two years of implementation the Project has penetrated the northern and central regions of the country effectively, and the west of the country satisfactorily. However the southern region of Serbia has not been incorporated as effectively as it should in the program. This is unlikely to change without a major and focused effort. Nis is an ideal location for a new regional Project office which can be used to address this deficiency. That location also can serve well as a marshalling center for services to eastern Serbia, which also is somewhat underserved. Thus, a well-organized regional office in Nis will pave the way for a truly national presence for the Agribusiness Project, which will have an impact throughout the country. Correct or not, there is a perception in these underserved areas that the US development assistance is biased towards activities in the north and center of the country, where populations are greater and the infrastructure is better.

A regional office located in Nis will need no more Project resources than do the existing Novi Sad and Cacak field offices. The Project envisages the Nis office as a staging point, through which services from all six current subsectors will be directed and expedited to the south and east. Over

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time the office will create its own demand for services and provide those services directly. The primary responsibility of the office will be to channel existing program components and project sub-sector services to these underserved areas.

While continuing to respond to the global financial crisis, and extension of Project activities to the south and east of the country will be key focus areas for Year Three, there are a number of other important elements of the Year Three plan, such as:

- A re-organized and re-focused grants program. The grant program will be more focused on supporting and complimenting other Project elements. Grants will primarily support established project priorities, and will be operationally more structured and disciplined. This will increase administrative efficiency, and enhance the impact of individual grants.
- A sales and marketing program adapted to reduced government support. During Year Two the government of Serbia significantly reduced its financial support for international events. The Project will not replace government subsidies, but will seek to create efficiencies in Project participation by outsourcing. This will include identifying organizations that can independently market and finance international events. It will also include renewed interest in regional events, but diminished involvement in local fairs and trade shows. The image at the right shows the announcement prepared for the World Food Moscow show, which will have a number of Serbian meat processors as exhibitors.
- Cross-cutting components will emerge as important ingredients of the Project. These components began as adjuncts to the sector technical programs, but have proven to be important stand-alone activities that are more than just supporting functions. Some will occupy key agricultural development roles themselves. These include Project components such as policy, ABDS, and environment. We have also observed, and will address, an underserved youth cohort that receives little preparation for the realities of the business of agriculture.
- A modified and enhanced Project monitoring & evaluation (M&E) component. During Year Three the Project will incorporate more rapid and comprehensive data gathering procedures to insure that all Project impact is captured, and that the data gathered is accurate. The result will be improved impact reporting, and which will provide a more direct and immediate contribution to program management and decision-making.
- A continued vigorous Short-Term Technical Assistance (STTA) program. During Year Two the Project greatly increased the use of outside STTA to support Project implementation. Based on this it is apparent that a dynamic STTA component can provide life-blood to the Project. New ideas, innovations, better strategies, and sound program guidance, were the products of this intensive flow of outside expertise. The Project will maintain this effort at approximately the same level as in year two. A nuance added last year, which will be continued, is organizing public reporting of the work and findings of visiting STTAs so that technical information can move quickly and directly to beneficiaries and other users.



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- A significant program budget modification. Through a budget modification in Year Two a total of \$2.2 million was moved from the Grant pool and added to program activities. These funds, because they are readily available, will enable the Project to quickly and effectively grasp emerging opportunities in a timely and effective manner. These resources will stimulate an increase in the number of Project beneficiaries. In Year Two we worked with a total of 189 beneficiaries, and expect to surpass that number in Year Three.
- Cooperation with media outlets. The Project will be served well in Year Three by the deeper relationships that have been cultivated with Serbian media. The Project has effectively involved media sources in many Project activities, including participation in selected international trade shows, and other high level events in Serbia. This coordination now is serving to generate more USAID coverage in the local media. The Project will continue to focus on media relations. The picture at the right shows Agribusiness Project Chief of Party, Lou Faoro, speaking to the press and guests at the event marking the launch of the Agribusiness Project Consolidation initiative which is a joint effort with Lagermax AED.



In summary, the Project will change nature in Year Three, marking a transition that will continue right through to Year Five. The Project will move from establishing a firm base, finding the correct programmatic directions, and gaining serious momentum, to outsourcing important Project work, focusing on developing local expertise, and replacing the Project with capable and competent Serbian institutions. The Project aims at developing a network of providers that can provide the leadership and services currently available only through the Project. Year Three will demonstrate a broad step in the direction of replacing ourselves.

Project Management:

As the Project has evolved, the management structure of the Project has transitioned to a matrix format, with the Sector Leads taking on the role as the primary interface between the Project and the processing enterprises that the project works with (ie Project clients), and the Cross Cutting Specialists focusing their efforts on well defined functions that are applicable to all the focus sectors. Where the functions intersect, such as with a farmer cooperative providing apples to a processor or marketer, the Sector Lead and the Cross Cutting Specialist will coordinate and collaborate to insure that there is no duplication of effort, and that Project assistance is focused on the key issues that need to be addressed. The image below provides a graphic presentation of the organizational structure of the Project functions.

	Commodity Sub-Sectors						
Cross Cutting Functions	Berries	Dairy	Livestock	Mushrooms	Tree Fruit	Vegetables	Grapes(?)
Sales & Marketing							
ABDS & Finance							
Producer Organizations							
Ag Info & Policy							
Youth & Gender							
Grants Program							
Environment							

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Complimenting the Cross Cutting functions, the Project also has specialists who focus on the areas of Communication and Monitoring & Evaluation, and these functions also play a supporting role for all Project activities. The Communication function is focused on disseminating as widely as possible news and information about the Project, and the events and activities that are undertaken. The Communication Specialist works closely with the Sector Leads and the Cross Cutting Specialists to organize and facilitate public events and to generate press coverage for the Project. The Monitoring & Evaluation Specialist maintains the Project’s Performance Monitoring Plan, and collects and analyzes the Project impact data on a quarterly basis.

Over the course of the first two years of the Project, management and staff have worked as a team to clarify the roles of the individual staff members and to insure that there is no overlap or duplication among the various functions and jobs. One area where there had been confusion has been the distinction of the relative roles of the Sector Leads and the Producer Organization Specialist. The Task Order includes a very broad definition of “Producer Organization” which includes associations, cooperatives and for-profit enterprises – essentially any organization that is involved in production and processing. For the purposes of clarity in project management, the role of the Producer Organization Specialist has been focused on developing the organizational structure and management capabilities of farmer cooperatives and producer associations that are targets of Project assistance. The Sector Leads, who are the individuals with the key primary contacts with the Processors, will focus on technical assistance and training for farmers, coops, processors and associations. This distinction has proven useful for clarifying the respective roles of these staff positions, and can be presented graphically as is shown in the table on the previous page.

Functional Organization:	Farmers	Coops	Processors	Assocs.
Technical Issues				
Organizational Issues	N/A		N/A	
Management Issues	N/A		N/A	
<i>Producer Org Function>></i>		<i>Sector Lead Function>></i>		

The Agribusiness Project will continue to make use of expatriate and Serbian technical consultants on Short-Term Technical Assistance assignments to work with the Project’s professional staff and to support the activities and events the Project organizes. During the fourth quarter of Year Two the Project has begun the process of having each consultant make a brief presentation on his assignment to staff and invited guests, and this practice will continue into Year Three. The Project has also been providing the USAID Mission with a graphical presentation of the consultant schedules, to enable the Mission to easily know when consultants will be in country and what their assignment will be. The image at the right shows one of the consultant schedules that was provided to the Mission as part of the Project’s weekly report.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Jul 27	Jul 28	Jul 29 JSpaw - Marketing Seminar	Jul 30	Jul 31 Presentations: Spaw & Haydu	Aug 1	Aug 2
SSteel - Slaughtehouse Waste STTA						
JSpaw - Marketing & Promotion STTA						
JHaydu - Coop/Producer Org STTA						
GDLeon - Viticulture Assessment STTA						
Aug 3	Aug 4	Aug 5	Aug 6	Aug 7	Aug 8	Aug 9
WWeekrock - AgBiz WP Development (BAH)						
WGrant - AgBiz WP Development (DAI)						
SSteel - Slaughtehouse Waste STTA						
JHaydu - Coop/Producer Org STTA						
GDLeon - Viticulture Assessment STTA						
Aug 10	Aug 11	Aug 12	Aug 13	Aug 14 Presentations: Bilek & Dixon	Aug 15	Aug 16
WEFabry - AgBiz WP Development (IRD)						
WWeekrock - AgBiz WP Development (BAH)						
WGrant - AgBiz WP Development (DAI)						
GDLeon - Viticulture Assessment STTA						
Aug 17	Aug 18	Aug 19	Aug 20	Aug 21	Aug 22	Aug 23
RTomesh - Cranberry Production STTA						
Aug 24	Aug 25	Aug 26	Aug 27	Aug 28 Presentations: Iron & TEO	Aug 29	Aug 30
TBD - Internship Program Evaluation STTA						
Dixon - AgBiz Entrepreneurship Plan STTA						
RTomesh - Cranberry Production STTA						
Aug 31	Sep 1	Sep 2	Sep 3	Sep 4	Sep 5	Sep 6
RCostin - Farm Management Training STTA						
TBD - Internship Program Evaluation STTA						
Dixon - AgBiz Entrepreneurship Plan STTA						
RTomesh - Cranberry Production STTA						

II. COMPONENT 1: Increased Agribusiness Efficiency & Competitiveness

1.0: Sub-Sector Commodity Action Plans:

The Agribusiness Project will continue to focus its technical assistance efforts on those sectors chosen during the first year of the Project, and should conditions warrant it a seventh sector – possibly grapes – will be added to the Project portfolio. A new field office will be opened in Nis early in the year, and initially this office will have an agricultural engineer on staff who can help to extend the reach of the Project more effectively in to the southern regions of the country. If a seventh sector is added, a new Sector Lead will be hired and housed in this office to undertake the technical assistance and training activities planned for that sector. The following sections provide brief descriptions of the activities and events planned for each of the current sub-sectors.

1.0.1 Berry Fruits:

Based on the Value Chain Assessment (VCA) and Commodity Action Plan (CAP) completed for the Berry Fruit Sub-Sector during the first year of the Project, support for the development of the berry sub-sector was planned to focus on increasing the value added to Serbian berry products, add new exports of fresh berries, and to support the development of new berry crops that would compliment existing berry crops. The main elements of the program planned to support the development of integrated value chain operations, and the development of export market linkages. Activities in the sector also included the development of an industry association that could be the focus of future Project assistance, and which could provide the types of services the Project provides to producers beyond the end of the Project. The adoption of international standards, and in particular GlobalGAP, was also an important element of berry sector activities. Over the course of the first two years of the Project the basic strategy for the berry sector has remained valid, and despite the impact of the Global Financial Crisis berry consumption in western markets has not changed significantly. As the Project moves into Year Three the basic approach for the berry sector will remain much the same, and the focus will be on shifting from processed to fresh products, and an emphasis will also be placed on new berry crops. The picture at the right shows Agribusiness consultant Robert Tomesh speaking to berry growers and processors regarding the potential for Serbia to become a commercial producer of cranberries. His assignment found very suitable growing conditions in Serbia, but there is virtually no cranberry production here, apart from a few small trial plots.



Over the course of Year Two the Agribusiness Project continued to support a group of producer organizations, and other types of businesses dealing with berry fruits, and Project assistance expanded over the course of the year to address different aspects of their operations. The main goals of Project assistance remained the same: to increase the overall competitiveness of the Serbian industry, and to initiate rapid and broad-based growth of the cultivated berry fruit sub-sector. During this past year the Project assisted clients to successfully establish berry-fruit fields with newly introduced varieties, it organized the provision of advisory services that helped producers to improve plant growth and increase yields, it supported exhibitions of Serbian berry-fruit products at international and local trade fairs and shows, and it delivered technical training events that enabled participating businesses to improve their competitiveness, introduce new standards and access new

markets. While conducting all these activities the Project cooperated with, and worked through, the sub-sector leverage points identified in the CAP, including national and/or regional industry associations (Fruits of Serbia, Serbia Cold-Stores Association, Arilje SME Association), and local ABDS providers (Arilje Agricultural Innovation Center, Cacak Fruit Research Institute, etc).

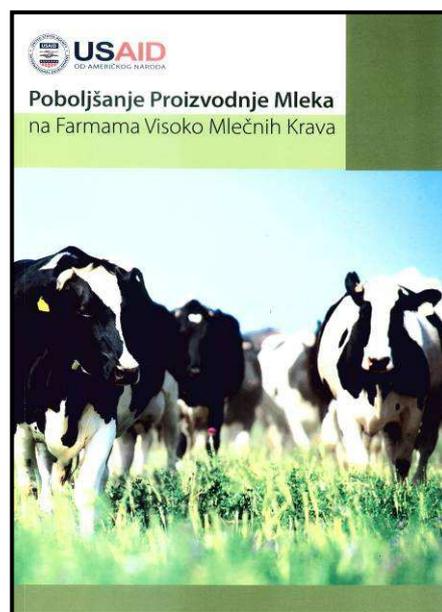
Through a combination of technical assistance and matching grants in Year Three, the project will enable berry fruit businesses moving towards the fresh market to extend their production season by applying new technologies and introducing international quality/food safety standards, and thus begin regularly supplying targeted export markets with fresh berries. At the same time producers of value added products will be assisted to access new markets and to introduce new and/or improved existing products.

1.0.2 Dairy Products:

The Value Chain Assessment and the Commodity Action Plan for the dairy sector highlighted the need to focus on medium scale dairies and to promote the production of high quality, specialty dairy products that have strong consumer demand in Serbia and the Balkan region. The strategy centered on assisting a select group of medium scale dairies, and to use independent service provider services (ABDS providers) to assist their farmer suppliers to increase the quantity and quality of their milk production. Tied in with these activities the Project would also assist these dairies with their marketing and promotion efforts to get them into new domestic and international markets. These documents also emphasized the potential for the Agribusiness Project to collaborate and cooperate with other donor activities in the dairy sector.

Over the course of Years One and Two the Project has generally followed the strategy for the dairy sector that was set out in the VCA and the CAP. Efforts have focused on creating a favorable enabling environment for systematic changes within the sector, and the development of new distribution channels for Serbian dairies. The main activities from the Year Two Workplan that are still underway include finalizing the Dairy Farm Management Campaign, ISO 22000 certification, local/international market linkages, and ABDS capacity building. The program to introduce new dairy management software, and the marketing/packaging grants, are only now getting started.

For Year Three the Agribusiness Project will continue with essentially the same strategy that was developed at the outset of the Project, with a shift of focus to the main policy and market issues, a focus on ABDS capacity building, and replication of the model activities developed in the first two years (ie: the Dairy Farm Management Campaign). The grantee for this program has prepared a Serbian language Dairy Management Guide Book which has been distributed to farmers participating in the farm capacity building program. The image at right shows the cover of the book, and it includes 80 pages of useful and relevant information.



A focus will also be placed on the creation of an industry association, which is expected to become fully operational by the end of the Agribusiness Project. The Association's mission will be to fill the gap and take active steps in addressing sector weaknesses and to propose regulations or actions

to support the dairy industry as a whole. The Project will work to develop the organization's ability to promote the sector's commercial and strategic interests, including developing linkages with other international dairy industry associations. The project will also work with dairies to ensure that the association reaches its full capacity in the closing stages of Agribusiness Project.

The Agribusiness Project will continue to work on selecting international fairs and other events that have the highest potential for the dairy sector, and to facilitate the export certification process. The main markets that will be focused on are markets in the Balkan and Eastern European regions, but significant efforts will also be dedicated to open market opportunities in non-European countries primarily because of less strict import requirements.

The Project will continue to support activities with Producers Organizations, the Dairies, ABDS providers, and registered commercial farm households to address sector inefficiencies through STTA support, pilot programs, and international marketing and sales missions. These activities will be coordinated with the relevant ministries, the USDA, and EU projects to deliver practical solutions and training. Training in such subjects as hoof treatment, mastitis prevention, feeding programs, waste management, clean technologies and bio fuels, efficient farm facility development, artificial insemination, and youth/school farmers programs.

1.0.3 Livestock:

The initial Project strategy for the livestock sector included focusing on medium scale fattening operations and a select number of slaughterhouses, with technical assistance and training focused on increasing the number and quality of animals available for sale. The strategy for the livestock sector also included an early focus on outside service providers who could assist these elements of the value chain to improve their operations and increase the revenue for the sector. This basic strategy for the livestock sector has proven to be valid and it will continue to be the general guiding principle for activities in this sector in Year Three and beyond.

Year Two for the Livestock sector was marked by a significant gap in leadership for the sector, and the hiring of a new Sector Lead at the end of 2008. This resulted in having a number of months with a low level of activity in the sector, putting the activities behind schedule. Besides this issue, the main issues hindering progress in the livestock sector include: reduced cattle herd numbers, limited incentives for farmers and professionals to enter fattening operations and/or affiliated services, as well as inefficiencies in the linkages between stakeholders within the beef value chain.

Over the course of Year Two expatriate consultants were brought in to help address problems related to primary production (bull fattening operations), and to design strategies for strengthening the linkages between stakeholders within the sector. A special emphasis was placed on capacity building for ABDS providers within the sector, specifically veterinary services, livestock consultants, laboratory networks, and veterinary drug distributors. The photo at the right was taken at one of the training sessions on *Management of Respiratory Disease in Beef Cattle*, held in Novi Sad by Dr Dewell, in April.



In Year Three the Project will continue to support the Serbian beef value chain and promote beef exports. However, because of the time needed to rebuild herd numbers in fattening operations, and the lack of ongoing governmental support (national strategy, subsidies, etc) which is critical for development of the subsector, the Project will not dedicate all of its efforts to the beef value chain. The Project's goal during Year Three is to assist a minimum of five medium to large scale beef value chain stakeholders (both producers and processors, mainly export oriented) to improve their productivity and to strengthen linkages between different groups within the value chain.

A second element of the strategy for the livestock sector will focus on pork production. Two major issues are hindering further development of the sector: (1) the policy of vaccination against Classical Swine Fever at the national level, which is preventing Serbian producers from exporting pork, and (2) the relatively low quality of the genetic base, resulting in a low meat percentage in carcasses and low raw material quality. The Project strategy will be to target selected stakeholders, mainly medium to large scale slaughterhouses, Producer Organizations, and ABDS providers which deal with genetic improvements. Cooperation with the MoA's Veterinary Directorate will also be strengthened to speed up the resolution of animal health restrictions which are trade barriers, specifically the classical swine fever issue.

Additional Project support will be provided to meat processing companies which specialize in the production of value-added (ie retail meat products) products. The Project will assist them to improve their technical capabilities, and the market linkages between these companies, through STTA consultants and the grant program. In order to achieve the highest possible impact, and to capitalize on new opportunities, the Project will work with stakeholders from a variety of different subsectors, and will also support poultry and fish processing companies on case-by-case basis, in particular those with substantial growth and export potential.

1.0.4 Herbs & Mushrooms:

The initial strategy for the herb and mushroom sector component of the project was to focus on shifting Serbian processors from a focus on the bulk market to an emphasis on retail packed, higher value-added products for export. Over the course of the first two years of the Project this strategy has served the Project well, and as a result of Project assistance approximately 15% of wild mushrooms previously sold as bulk have been shifted to the retail market. The mushroom subsector now has good momentum, but there is still room for shifting sales toward the retail market. Serbia has yet to take full advantage of the opportunity to export high value final products, and the end of Project goal is to have 35 to 40% of the mushrooms previously sold as bulk being sold for retail distribution. The Project has taken a similar approach with the herb processors, but this sector has received less support than mushrooms. During Year Three the Project will place a greater emphasis on the herb sector, and a particular focus will be placed on supporting a new industry association that can undertake many of the activities the Project supports in the future.

Work with the herb sector to date has been more or less on an ad-hoc basis, and primarily with individual companies without a clear strategy. The main support activities have been participation in international fairs, improving packaging, labeling and marketing, and certification and training. As an example, the photo at right shows the Owner/Manager of Bilje Borca signing the agreement for the grant awarded to them for re-design of their packaging. These activities have produced significant results. Although Serbian teas do not have the best quality, or the



lowest price, Serbian teas do have a good price/quality ratio and they also have reasonably attractive packaging. As an example, one Project client found new buyers from Kosovo and Croatia for their products. Another tea company has contracted for the sale of their products in the US market, and it has begun negotiations with the biggest supermarket chain from Albania. The development of market opportunities like this will be given more attention in Year Three.

The herb sub-sector has not been directly affected by Economic Crisis and it is experiencing steady demand and stable prices. However, the retail distributors have been affected, particularly the domestic retail chains. As a result, extended payment terms are being imposed on the herb producers, in much the same way these terms are being imposed on other suppliers. Therefore opportunities for exports are now even more important than in previous years in order to diversify their markets. This will be a focus on efforts in Year Three. A strategy to make exports of any kind, even semi-processed products, will part of the strategy for the herb sector. The final key element of the strategy for the herb sector will be the development of a new association that can provide support to the industry and which can replace the functions of the Project in the long run. Efforts to establish such an organization will begin immediately and will be one of the key activities being undertaken in the sector.

1.0.5 Tree Fruit:

The strategy for the Tree Fruit sector has been adversely affected by market forces and by mis-steps taken by the Serbian industry itself. The initial plans to focus on Fruitland and Fruits of Serbia have also not worked out as expected, and the Project has had to re-think its approach to associations within the Tree Fruit sector. Despite these issues the basic approach of emphasizing improved quality, increasing the ability of Serbian processors to handle and store their fruit, and the adoption of international standards (ie GlobalGAP) have proven to be valid.

The first four months of 2009 have shown that plans for marketing Serbian fresh apples in storage will not become a reality. Initially it was expected that most of these apples would be sold in the Russian market, but this did not take place due to lower demand and competition from Poland. Much of this stored fruit has now been sold to local supermarket chains, and this, in combination with some exports to Russia, the companies and cooperatives involved in apple production have managed to empty their cold stores and prepare for the coming harvest. The marketing of frozen fruit (primarily sour cherries) has also been characterized by lower demand from the usual buyers (mainly Russia and EU countries) due to the financial crisis, though companies that have solid relations with their clients in the EU have marketed their products more easily. The photo at right shows some of the ABD Prom employees in the field picking sour cherries following the certification of their GlobalGAP process which was supported by a grant from the Agribusiness Project.



Based on the events to date, and the current situation within the Tree Fruit sector, the Project will focus on the following strategies for Year Three:

- Assist producers and processors to mitigate the effects of the financial crisis by reducing their production costs and exhibiting at international fairs.

- Improve the operations of tree fruit cooperatives and developing their marketing capacities and joint marketing approaches.
- Use external consultants to improve the quality and the level of the services provided by local ABDS service providers.
- Focus on increasing the level of value-added processed products and diversifying the range of products produced.

The Project will also aim to strengthen the selected industry associations that can become the focus on service delivery for the industry in the future and which can eventually replace the services provided by the Project.

1.0.6 Vegetables:

Based on the Value Chain Assessment (VCA) and Commodity Action Plan (CAP) completed on the Vegetable Sub-Sector during the first year of Project implementation, support for the development of the vegetable sub-sector was planned to take place through activities related to product improvement, market diversification, increased sales, and job creation. The main elements of the program included a focus on root crops (fresh & storable), assistance to consolidation and/or distribution centers, implementation of quality standards (GlobalGAP), and expansion into export markets. In the intervening period the vegetable producers and processors have encountered difficult circumstances, and certainly the Global Financial Crisis has not helped matters. Consumers in the domestic market are shifting to lower cost products, and are now shopping more often in green markets rather than in the supermarkets. These events and changes in the market have been incorporated into the plans for Year Three.

One of the main changes in the course of Year Two of the Project was a shift in the focus of assistance related to consolidation and distribution centers. At the start of the Project there was an expectation that donors and/or cooperatives would build and operate a series of fruit and vegetable distribution centers that would be the focus of Project assistance. In reality these centers have not been built, and it appears that they will not be built any time soon. Private sector investors have recognized the market opportunity for distribution centers and as a result there are a number of new distribution centers that have been built, or will be built in the near future, that have become the new focus of Project assistance. Another change in the sector is the fact that the large commodity producers have become suppliers for these centers instead of selling directly to supermarkets or foreign buyers. During the past year, four new facilities for the collection, sorting and packing of vegetables into small retail packages have been established, and this has led to a significant improvement in the conditions for fresh vegetable exports.

The introduction of internationally recognized production standards for vegetables, supporting improvements to the packaging and labeling of packaged vegetables, as well as the enhancements to the visual identity of client firms will make up the main overarching goals for the vegetable sub-sector in Year Three. It is for this reason that the main activities in this sub-sector will be related to increasing the functional capabilities of the client firms, and their raw material suppliers. Important



elements that will be emphasized for Year Three will be management and technology, and improving the business processes of these firms. Large scale commercial production and processing of fresh vegetables is a relatively new business activity in Serbia, and the existing

management structures still lack experience in this area. The picture at the right shows participants at the recent *Farm Management* training seminar in the conference room at the Relax Center in Kovacica, listening to Dr. Rick Costin from the University of Kentucky, as he lectures.

Operations in the vegetable sub-sector are complicated due to the seasonal nature of the production, and the demand, and the need for special storage facilities for the various products. The main goal of the Project is to identify the issues that limit the shelf life of vegetables in Serbian handling and storage systems, and to provide Project clients with information on the science and physiology of stored vegetables. An important element of Project activities will be focused on testing systems and procedures that can increase shelf life through new postharvest treatments or handling systems.

The Agribusiness Project will also provide ongoing support for two new modern wholesale markets in Serbia (in Belgrade and Novi Sad), as this manner of trade should take over the current role of the Kvantas markets in the country, and serve to introduce greater order and stability and quality in the market for fresh fruits and vegetables. The vegetable sub-sector program will also support the development of local ABDS providers at all stages of implementation, where these ABDS providers represent leverage points to maximize Project impact and assure sustainability.

1.0.7 Grapes (potential seventh sector):

Towards the end of Year Two the Project hired two STTA consultants to examine the grape production industry in Serbia to determine if this sector offered good prospects for inclusion in the Project as a seventh sector for assistance. The assumption going into this effort was that the USDA would be continuing to provide significant technical assistance to the Serbian wine industry (the main consumer of grapes) and that the Agribusiness Project could come in with technical assistance for the grape producers as a complimentary activity to that of the USDA. As the workplan is being prepared the value chain assessment has been drafted, but the future role of the USDA in the wine industry has not been defined as yet. The Agribusiness Project will continue to edit and refine the Grape VCA over the coming weeks, and eventually produce a document that can be added to the Project web site. In addition the Project will continue to meet with, and consult, the USDA regional staff to determine the potential scope for a collaborative effort. Based on the initial findings of the VCA a collaborative activity with the USDA would be



an appropriate new intervention for the Project, but an effort without the USDA assistance to the wine industry (ie assistance only related to the production of table grapes) would not be an appropriate Project intervention. The image at the right, taken from the final consultant report on the grape sector, shows that grape production is concentrated in the southern and eastern regions of the country, with the highest density of vineyards being predominantly in the southern regions.

1.1 Strengthen Producer Organizations:

One of the Project's key components, and primary beneficiaries, are what are called Producer Organizations (POs). The Project Task Order defined POs as any non-profit or for-profit enterprise that a group of agricultural producers control to serve their interests. This could be associations or cooperatives, as well as any for-profit organization that may not be controlled by, but broadly

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serves the interest of, a group of agricultural producers such as agricultural processors, consolidators, and exporters.

Since, this definition of POs included almost all types of potential Project beneficiaries the internal definition of producer organizations is now limited to registered legal entities and/or organizations that are founded and controlled by a group of producers or agribusinesses. This includes agricultural cooperatives (for-profit business entities registered according to the current law on cooperatives), farmer associations (not-profit entities registered as civic organizations according to the current law on associations), and for-profit enterprises founded and controlled by producer groups, associations, and/or cooperatives. These organizations provide services to their members, and fulfill a range of functions within an agricultural value chain - input supply, marketing, advisory services, product storage, processing, branding, transport, export, and technology transfer, as well as advocacy and lobbying on behalf of members. The picture at the right shows a meeting facilitated by the Agribusiness Project for the formation of a new blueberry growers' cooperative.



Given the strong sector approach within the Project, and the key roles played by the Sector Leads, the main focus of the PO component will be on activities that cut across all sectors. The PO Specialist will focus on cooperatives, associations and informal producer groups identified by Sector Leads as being important for the implementation of their respective strategies to achieve projected goals and results. Project support for producer organizations shall be at two main levels:

1. Cross-cutting/Organizational Support (PO specialist) - Assistance from the PO Specialist will focus on building the organizational and operational capability of selected existing organizations such that they can become competitive agribusiness entities, capable of providing effective service delivery to their members and able to respond to market opportunities and challenges. This will include management support, improvements to their financial management, and enhancing their marketing skills. The main goals for the Producer Organization function during Year Three are:

- **Capacity building for targeted agricultural cooperatives:** Strengthen, and increase, Project efforts to better organize cooperatives as a key element of maintaining and increasing competitiveness of farmers. This will be developed, implemented and followed-up by the Producer Organization specialist.
- **Develop new, and reorganize/restructure existing producer and business associations, preferably on a national level:** For specific sector associations, the implementation of activities will be led by the designated sector leads with support from the PO specialist (Medicinal and Aromatic Plants Association, Blueberry Growers Association, Dairy Processors Association). Associations on a national level that cut across more than one sector will be supported primarily by the PO specialist directly (Organic Food Association, Fruits of Serbia).

2. Sector specific/ Technical (Sector Leads) – Support at the sector specific level will include activities to be implemented by the Sector Leads to improve the performance of targeted producer organizations (ie client firms and businesses) and their members, related to the specific

commodities they produce, and the value chain functions they carry out, such as: improved farm level productivity, enhanced harvest and post-harvest quality, reduced losses, and introducing value-added products.

Since Project beneficiaries must have a legal identity and a sound sustainable structure, assistance to producer organizations at the cross-cutting level will be crucial for the successful implementation of sector specific activities and vice versa. Although it may look like the cross-cutting activities do not directly contribute to the Project indicators, they are critical to mitigating the key external factors affecting implementation, and assisting selected Serbian producer organizations to grow into competitive agribusiness firms preparing for EU accession. However, to fully achieve projected indicators for targeted POs the project should not focus only on organizational capacity building efforts; it should provide further assistance to these organizations on sector specific technical issues related to commodities they are producing and marketing.

1.2 Improve ABDS Service Delivery:

To compete in their markets, input suppliers, farmers, and firms all along each value chain will need the services of qualified technical support organizations to help them upgrade their skills and maintain competitiveness. The Agribusiness Project has been focused on the coordination and provision of these skills in technical, management, marketing and financial areas to targeted client firms during Year Two, and will continue to do so in the coming year as well. Given the relatively scarce supply of ABDS in Serbia, technical assistance to firms in key points along each value chain will be initiated by the Agribusiness Project staff in an effort to build a network of sustainable ABDS providers for the subsectors included in the Project. The Agribusiness Project will enhance the capacity of local ABDS providers to serve the needs of the value chains, while ensuring that there is a demand for such services, to guarantee sustainability. The photo at the right shows the group that gathered at the Zira Hotel to listen to the presentation by Agribusiness Consultant, Cherif Moujabber regarding the prospects for forming a Serbian Specialty Foods Association.



The Project's crosscutting activities which seek to build the supply of market-driven ABDS services will include the development of a generic and value chain specific ABDS providers' networks, while actively engaging them for implementing specific assignments. The Project has identified more than 100 public and private ABDS providers to date that cover a wide range of products and services, and the Project will continue to identify more in order to provide the best possible services to our beneficiary companies. The Project will also focus on capacity building for ABDS providers in order to improve the knowledge base of the local providers and to ensure that the know-how of experts and STTA are kept in Serbia. In such way the Project will ensure sustainable development of the service providers which will boost the development of agriculturally related companies. The Project identified and worked with numerous ABDS providers during Year Two, and will continue to work with them in the coming years.

1.3 Marketing & Sales Assistance:

The overall goal of the Agribusiness Project is to increase the value of Serbian agricultural product sales, and to boost employment in the agricultural sector. To date, the Project has focused on two factors critical to improving market access for Serbian agribusinesses.

First, the Project has helped producers and processors gain a better understanding of product and delivery requirements, and the price competition in both domestic and international markets. This understanding has been gained through training in sales, marketing, and negotiation skills, and by giving Project clients greater exposure to buyers through buyer visits, international fairs and the Internet. The Project approach is not to differentiate between domestic and international markets, since there is no safe home market for producers who cannot meet international quality, cost, production capacity, and service standards. The Project plans to continue to work with producer associations specifically on driving demand for Serbian brands in the domestic market. The picture at the right shows Agribusiness Project consultant Cedomir Nestorovic presenting his findings on the Halal market to interested dairy and meat processors. Mr. Nestorovic will be continuing to work with the Project on this issue, and will explore the potential for Serbian processors to obtain Malaysian and/or Indonesian certification, which would open up new markets for these processors in North Africa and the Middle East.



Second, the Project has collaborated with the public sector marketing support infrastructure for Serbian agriculture and agribusiness. Prior assistance from USAID projects for the Serbian Investment and Export Promotion Agency (SIEPA), and the Ministry of Agriculture Forestry and Water Management (MAFWM), has shown that Serbian government marketing and promotion programs can be an important catalyst for new exporters, where small producers can develop new export markets. This support is critical for Serbia, because many producers lack the skills, knowledge, and funds to get started on their own. However, due to the financial crisis, and the budget crisis within the government of Serbia, the Ministry of Agriculture and SIEPA have reduced or eliminated their financial support for Export Promotion. During Year Three the Agribusiness Project will continue to work when and where possible with the Ministry of Agriculture and SIEPA, but the focus of the export activities of the Project will be on developing associations, cooperatives and private companies that can step in to replace the Project and public support for these export promotion activities in the long run.

This two pronged approach, in conjunction with the work of the sub-sector and cross-cutting teams, has resulted in impressive gains in sales and jobs. As Project Year Two comes to an end targets for sales generated and jobs created at the end of Year Three have already been exceeded. This Project success with these two major indicators has given the Marketing & Sales (M&S) team an opportunity to explore new models of sustainability, and to quicken the pace of transition to Serbian ownership and management of the export promotion program for Project clients.

Through a series of sector meetings with the project team members, companies, the MAFWM and industry associations, the M&S team has developed a comprehensive Year Three implementation plan which will exploit the transition window has opened up. The Year Three plan is based on two

main elements that will target the depth and breadth of Serbian response capabilities to these new market opportunities.

1. Depth - Enhance firm level ability to identify, respond to, and succeed in capturing market opportunities. This could mean for some firms developing in-house capacity and for others reaching out in a knowledgeable way to engage service providers.
2. Breadth – Strengthen service provider capacity to provide excellent sales and marketing services, to price such services right, and to be able to identify the market needs for such services.

During the course of Year Three the Project will begin the process of transferring the responsibility for the organization and management of the trade fair participation to representative industry associations, or to private service providers that are able and willing to undertake these activities as for-profit ventures. During the coming year the Project will provide partial funding for these efforts, via either grants or contracts, to begin the transfer process. By the end of Year Five the Project will have established agencies that can continue these support efforts without the Project.

1.4 Youth Enterprise Program:

The Agribusiness Project's Youth Enterprise Program includes a number of different initiatives which are designed to prepare Serbian students, between the ages of 15 and 24, for greater participation in, and success with, the agricultural sector. The Year Three plan for the Youth Enterprise Program includes a number of activities which will enhance youth skills (improved business development planning in agricultural schools and universities, internship programs, etc.), while also preparing them to face global economic realities. Early interventions with youth will ensure proper workforce development within the growing agricultural sectors, while fostering the innovation necessary to compete in the new economy.

One of the main objectives of the Agribusiness Project in Year Three of the program is to institute a sustainable entrepreneurship-based program that encourages new ideas, fosters new networks and information sharing, and strategically prepares youth for success within the Serbian agricultural sector. With the support of the Ministry of Agriculture, the Ministry of Education, the Ministry for Youth and Sports, and the Chamber of Commerce, the Agribusiness Project will institutionalize an entrepreneurship/business management curriculum in agricultural high schools and universities. The approach will be to work together with educators, students, parents, government, community leaders and agribusinesses to integrate the concepts and principles of sustainable development into education policy, the school curriculum, teacher education, and lifelong learning across Serbia.

The implementation of the Youth Entrepreneurship Program will include three separate but complimentary activities that will strengthen the ability of youth to enter the agribusiness world in Serbia. These three activities are:

- The Project will introduce “Entrepreneurship in Agribusiness” programs in six additional specialized Agricultural high schools (and continue the work with the existing 19 schools) in Serbia over the course of Year Three. The image at the right shows the poster the



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Agribusiness Project is using to publicize the second round of the Youth Business Plan Competition for Year Three.

- The Agribusiness project will institute entrepreneurship-based programs at the Agricultural universities, building on support received from the University of Belgrade. Young entrepreneurs will be supported with student-to-student and professor-to-professor mentorship programs with US universities, and Project STTAs will make presentations to the students when in Serbia.
- The Project will continue to develop Internship Programs for students at the Agricultural universities, and it will offer a “shadow” program whereby high school students spend one day, to a maximum of one week (unpaid), shadowing an agricultural professional at work to learn what the job entails. In Year Three the focus of the internship program will be on university students.

By the conclusion of the Project, the youth entrepreneurship program will have been expanded to all existing agricultural high schools in Serbia, and the Entrepreneurship in Agribusiness program will be offered at all the agricultural universities in the country. The internship program will be fully functional, and will continue to operate with local institutional support following the end of Project support and activities, with a substantial number of small, but growing agribusinesses being established.

1.5 Environmental Compliance Activities

Pesticides Safety and Environmental Education/Certification:

The overall objective of the Pesticides Safety and Environmental Education/Certification (PSEE) task is to raise the quantity and quality of services provided to participants as partners. The particular focus is on those participants who underwent the Project’s Year 2 program for certified trainers on Safe Pesticides Use and Environmental Protection. The overall objective will be achieved through two major lines of capacity-building activities: 1) Supporting the network of national PSEE trainers and agribusiness service providers; and 2) Supporting institutions in Serbia with tailor-made information, assistance and services. The image at the right shows the poster the Agribusiness Project used to advertise the Safe Pesticide Use seminar program.



Integrated Pest Management: The activities within this task will be initiated by STTA consultants with relevant expertise as needed to provide the members of agricultural producer organizations, ABDS providers and pest managers with IPM knowledge, from planting to harvesting, through post-harvest handling during food processing and distribution. Integrated Pest Management (IPM) represents a comprehensive approach to pest control. It uses combined means to reduce the presence of pests to tolerable levels while maintaining a quality environment. IPM is the coordinated use of pest and environmental information, along with available pest control methods, including biological and chemical methods, to prevent unacceptable levels of pest damage.

Cleaner Production (CP): The Project Year 3 focus will be on technical assistance to support enterprises from all sub sectors in adopting methods to minimize waste, pre-treat wastewater, and

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save energy through low-cost or no-cost opportunities. Through a set of trainings for enterprises and ABDS, individuals will be instructed in how to apply basic CP concepts and assessment methods, and how to integrate CP into business strategy and planning.

Environmental Compliance: The aim of applying environmental procedures is to focus on environmental issues associated with USAID Agribusiness activities and thus increase the opportunities for environmentally acceptable Project actions, as well as to minimize exposure to environmental risks.

1.6 Women in Agribusiness Program:

Over the course of Year Two the Project assisted six regional groups of unemployed women, future entrepreneurs in agribusiness, by providing them with generalized training in basic management and marketing skills, training in financial management, competitive pricing, and networking. In Year Three the Project will continue to work on the social and economic development of rural women, but this activity will be undertaken in collaboration with the Ministry of Agriculture and the Serbian Chamber of Commerce's section for women entrepreneurs. Specific activities related to Women in Agribusiness for the Year Three program will include:



- As “Women Entrepreneurs in Agribusiness” already have results from Year Two workshops, the Project will organize presentations for the Ministry of Agriculture and the Chamber of Commerce of the results to date, and seek a partnership with these two institutions for the continuation of the training.
- The Project will obtain Ministry of Agriculture buy-in, and financial support, for the Women Entrepreneurs in Agribusiness program through the provision of start-up funds for unemployed women capable for running an agribusiness.
- One-day conferences will be held twice in Year Three, for the women who have completed the training and for those newly selected, to discuss their issues and create opportunities for networking. More intensive trainings will be provided during Year Three for the newly identified groups.

It is expected that these efforts will greatly expand the involvement of women in the production of food products in Serbia, and lead to increased employment opportunities for women in the rural areas of the country. The picture above to the right shows some of the women in the Women Entrepreneurs in Agribusiness making a visit to the field to learn about crop production from project consultants.

1.7 Agribusiness Volunteer Program:

The Project Task Order included a provision for the use of volunteers in program activities, but no specific mechanism for including volunteers was incorporated into the design of the Project. Over the course of implementation two separate opportunities for incorporating volunteers into the program have appeared:

- Tapping into the Serbian-American diaspora via a linkage with the Serbian Union Congress which brought in a few volunteers under the CRDA project implemented by IRD.
- Accessing the volunteer services available from CNFA, which is implementing the Farmer-to-Farmer program for Eastern Europe with AID Washington funding.

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The Project's Deputy Chief of Party and the Grants/M&E Specialist have met with the SUC on a number of occasions to discuss the prospects for the use of volunteers from the SUC but because of the very different nature of the Agribusiness Project this prospect seems remote at best. There does not appear to be a good opportunity for collaboration between the Project and the SUC.

The Deputy Chief of Party has also had some communication with CNFA in Washington and has sought to identify specific volunteer opportunities for them to respond to. At this point they have not come back with suggested volunteers for scopes of work provided to them, and it appears that the prospect of sending a few volunteers to Serbia to assist the Agribusiness Project may not be of interest. CNFA is also expecting that a specific monitoring and evaluation system will be used for their volunteers, which would be a burden over and above the ongoing M&E system of the Project.

III. Component 2: Improved Enabling Environment for Agribusiness

This section of the Workplan outlines programs and activities which will be implemented by the Agribusiness Project in Year Three for the purpose of improving the enabling environment for Serbian agribusinesses. These changes are needed to enhance the competitiveness of domestic agricultural and food producers, and to facilitate the harmonization of Serbian regulations and practices with international and EU requirements.

2.1: Production Estimates, Market Information and Supporting Studies:

For efficient operation in domestic and export markets, agricultural producers need better access to timely and reliable information on domestic and regional prices and production variations, supply and demand in domestic and export markets, specific import requirements, consumer behavior, weather conditions, and the competitive landscape. Currently, the only agricultural market information system (STIPS) is operated by the Ministry of Agriculture and it provides weekly prices for fruits and vegetables, meat, livestock, and cereals in the domestic market through several media outlets, such as the television, newspapers and Internet.

During Year Three the Agribusiness Project, in cooperation with the Ministry of Agriculture will implement a program to improve STIPS. This program consists of two components: 1) software improvements for the market information system and 2) the program “Market analysis, utilization of information from STIPS and basics of marketing” encompassing interactive seminars and workshops for farmers in 18 reporting centers around Serbia for the STIPS system over the course of the year. The Agribusiness Project has used the services of ABDS provider “Agromreza” to develop and present educational seminars regarding the STIPS system. The photos at right shows some of the education materials prepared for the seminars.



As part of the Market Information and Study program, the Project will undertake a Study on the Impact of Weather Conditions on Agriculture in Serbia. The purpose of the study will be to analyze the status of existing systems for hail protection (distribution, functioning, equipment used, organizational capacities, main problems, impact on the environment, etc), and to provide possible solutions for improving the systems and evaluating the necessary investments. The Agribusiness Project will prepare for the study in cooperation with other international organizations and donors, and in particular the International Finance Corporation. The Project’s contribution for the study will mainly be the engagement of experts (primarily local STTAs) that are familiar with the existing systems of anti-hail protection, and the necessities for improvement.

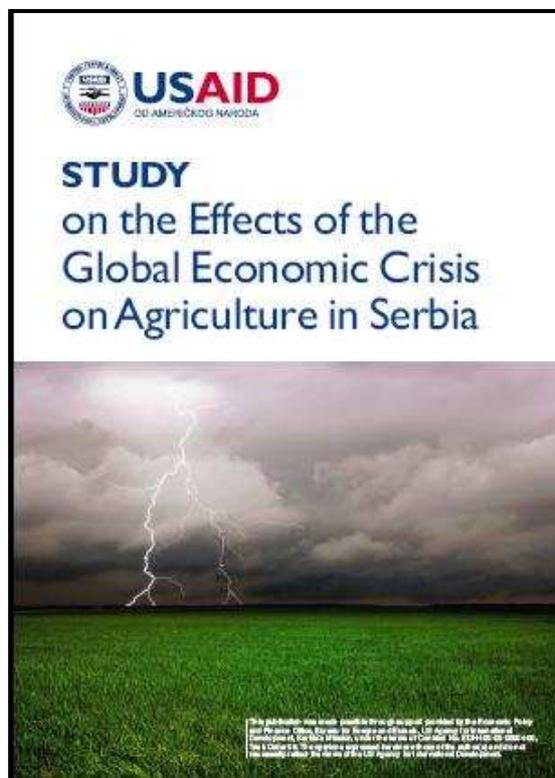
2.2: Facilitate Legal, Policy, and Regulatory Reform:

During Year Three of implementation, the Agribusiness Project policy team will work with the Ministry of Agriculture, other relevant governmental institutions, academia, relevant institutes, and private business associations to facilitate the reforms necessary for increased international

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integration by Serbia (with the EU and WTO in particular). Serbia needs to harmonize its domestic legislation and practices with international rules and requirements, in order to develop a competitive agricultural sector. In addition, the Agribusiness Project will support creating a more open, and focused public-private legislative drafting process, that will enable the mobilization of the most relevant stakeholders and expertise for the reform in question.

The Project will complete a study on the impact of international integration of Serbia on the agricultural sector. This study will analyze the implication for agricultural production by select groups of products, and the trends in demand for agricultural products based on the impact of a more liberalized trade regime resulting from the implementation of the Stabilization and Association Agreement (SAA) with the EU, accession to the World Trade Organization (WTO), or the application of free trade agreements (e.g. with Turkey and Belarus). Serbia started applying the SAA with the EU on February 1, 2009, and is finalizing negotiations on accession to the WTO, which will result in a significant liberalization of the Serbian market in future years. This study will analyze the comparative advantages to be gained or lost by Serbia's leading competitor countries from changes in tariffs and other non-tariff barriers from their accession to these international treaties, and Serbia's gains and losses as well, in order to understand the effect on demand for certain agricultural products produced locally. The image at the right shows the cover of the study the



Agribusiness Project completed on the impact of the global financial crisis on Serbian Agriculture. This study was presented at the Novi Sad Agricultural Fair, and copies of the study (in CD form) have been widely distributed around Serbia and internationally.

The Project will prepare a Guide Book on the integration of Serbia in the EU and with the Common Agricultural Policy (CAP) of the EU. The agribusiness community in Serbia, including farmers, representatives of the processing industry, traders, professional service providers in agriculture, and other agribusiness stakeholders, have limited knowledge on the various aspects of the EU integration process, and its impact on the Serbian agricultural sector. The purpose of the Guide Book will be to provide relevant and pertinent information on the impact with respect to EU integration and adoption of common agricultural policy (CAP). This guide would also include details on the benefits for farmers and agribusinesses to be gained from these integrations.

The Project, in cooperation with the Ministry of Agriculture, relevant academic, scientific and research institutions and associations, the Agribusiness Project will provide support to the efforts of working groups/bodies responsible for coordinating and implementing initiatives related to legislative and/or policy reforms. In particular, the Agribusiness Project will work with agribusinesses, service providers and the Ministry of Agriculture to facilitate dissemination of information related to the existing agricultural support programs provided by the Serbian Government, the requirements and implications of the Food Safety Law, the Livestock Law and the Law on Protection of Plant Breeder's Rights. Under this task, the Project will continue providing

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professional assistance to the Ministry of Agriculture regarding preparation of necessary documentation pertaining to accession to the WTO. The Project may undertake additional activities related to policy coordination, and the development of specific regulations in the areas that affect the six value-chains which the Agribusiness Project supports.

During 2009, the Serbian Parliament adopted several laws regulating different areas of agriculture. The Agribusiness Project will work with the Ministry of Agriculture and industry representatives to ensure full enforcement of selected agricultural laws and to remove any obstacles in way of full policy implementation. One of the areas where the Project will provide support related to this is in the area of the Warehouse Receipts (WHR) law. The Agribusiness Project has provided professional assistance in development of the Law on Public Warehouses for Agricultural Products (WHR Law), the implementing regulations, as well as developing a pilot project for implementation this season harvest. When fully implemented, this Law will enable use of the warehouse receipts, issued to agricultural producers by public warehouses for commodities stored in their premises, as collateral in accessing loans with commercial banks. It will also enable the creation of a uniform and well regulated system of storing commodities, the protection of depositors, and ensuring of the quality and quantity of deposited commodities. This law is essential for giving agricultural producers the opportunity to take advantage of higher prices that occur during off-season periods.

IV Component 3: Agribusiness Program Management

3.0 Agribusiness Grant Program:

Since the inception of the Grants Program in April 2008, a total of 51 grants with a total grant value of \$651,011 have been approved by the Agribusiness Project. At the end of Year Two there are also an additional 25 grants in the pipeline with a total grant value of approximately \$400,000, which should be awarded by the end of Year Two (i.e. September 30, 2009).

Despite the significant level of activity in the grant program, the Project is always evaluating the use of grant funds, and assessing how to best use the grant funds and attract the interest of Project client to use the grant program. Bearing in mind the current financial crises and an unfavorable business environment for new investments (high interest rates, lack of credit programs, reduced GOS subsidies for agribusinesses, etc.), the Project has decided to enhance the grant program to address these issues in our sub-sectors. Accordingly, revisions in the grants program are envisioned to assure consistency with the strategic objectives of the Agribusiness Project in Year Three, as well as with the approved budget realignment. The Project proposes to introduce Capacity Building Grants for Producer Organizations and ABDS Providers, which will be focused on the specific constraints that these two groups face in their efforts to provide services to their members. In addition, the structure of the Investment Incentive Grants component will be revised to address the major cross-cutting issues identified in the selected project sectors: lack of international quality standards, insufficient marketing and promotional capacity, and falling behind in the introduction of new technologies. A final change to the grant program will be the introduction of an In-Kind Grant Format, in addition to the Fixed Obligation and the Simplified Grant formats, to facilitate implementation of the Youth Grants Program.

It is Project policy to ensure maximum competition by seeking applications from all eligible and qualified entities. Accordingly, the Project will publicly solicit for all the grant programs in Year Three through public Requests for Applications (either a Request for Applications (RfA) or an Annual Program Statements (APS)). While most grants will be publicly solicited, a small number of unsolicited applications for grants that support the broad objectives of the Project may be considered on an ongoing basis. In addition, Project staff may decide to solicit applications for grants for very specific activities that support Project technical assistance and/or training activities. Such direct solicitations will be primarily used for the Capacity Building Grants for Producer Organizations and ABDS Providers.

As was the case during Year Two, the Agribusiness Project plans to obligate grant funds totaling at least \$1 million, which will be distributed among approximately 75 separate grant activities in all the Project sectors. Corresponding to the core objectives of the Agribusiness Project to increase efficiency, and improve the competitiveness of the Serbian agribusinesses in the selected sub-sectors, the following three major grant components are envisioned:

- 1.) Investment Incentive Grants
- 2.) Capacity Building Grants (for Producer Organizations and ABDS Providers), and
- 3.) Youth Grants

Pursuant to the approved budget realignment, the majority of project activities to support the ongoing program will be funded from a separate budget line item named "Project Activities." These non-grant funds will be used to support the provision of the services such as market information, annual agriculture production estimates, technical assistance and training, agriculture

extension services, domestic and international trade fairs, baseline and special studies, surveys, statistics, evaluations, animal and plant health, environmental issues, food safety and other activities aimed at enhancing provision of public goods.

3.1 Project Communications & Media:

As was the case in Year Two, one of the key activities in Year Three will be ensuring positive media coverage for USAID and the Project, and establishing good working relationships with the local media. In the second year of the Project, valuable collaboration relationships with the local press were established. The vast majority of agricultural journalists in Serbia are now well aware of Project activities, and communication with the press has been regular and continuous. The main aim for the coming year is to continue to create positive media coverage, and thus increase the visibility of Project activities, and as a result USAID assistance to Serbia. Another crucial aim for Year Three will be continue building a strong rapport with relevant journalists and/or editors, and strengthening the good public image the Project enjoys at this time. The photo below shows Agribusiness Project Chief of Party, Lou Faoro, being interviewed by the local press at the opening of the Sumadija Agricultural Fair in Kragujevac.

A crucial mechanism for the achievement of these objectives has been the involvement of the local press in many of our activities. In year three, the Communication Advisor will continue to build strong relationships with the local media by involving them in Project activities as much as possible. Future plans, and the details of Project activities, will continue to be presented to journalists in an informal manner, such as through Media Brunches and presentations while journalists attend project activities such as international and regional fairs, certification programs and ceremonies, workshops and conferences, and so forth.



Experience from Year Two has demonstrated that the involvement of journalists in international exhibitions and fairs organized by the Project reinforces their understanding of the main issues facing Serbian agribusinesses, and thus helps stimulate press coverage that is not simply informative, but also educational. This type of coverage is crucial for educating current and future businessmen and exporters, as well as the general public. Promoting Serbian products through specialized international media is also of tremendous importance to inform international buyers regarding the rapid and substantial developments within Serbia's agribusiness sector.

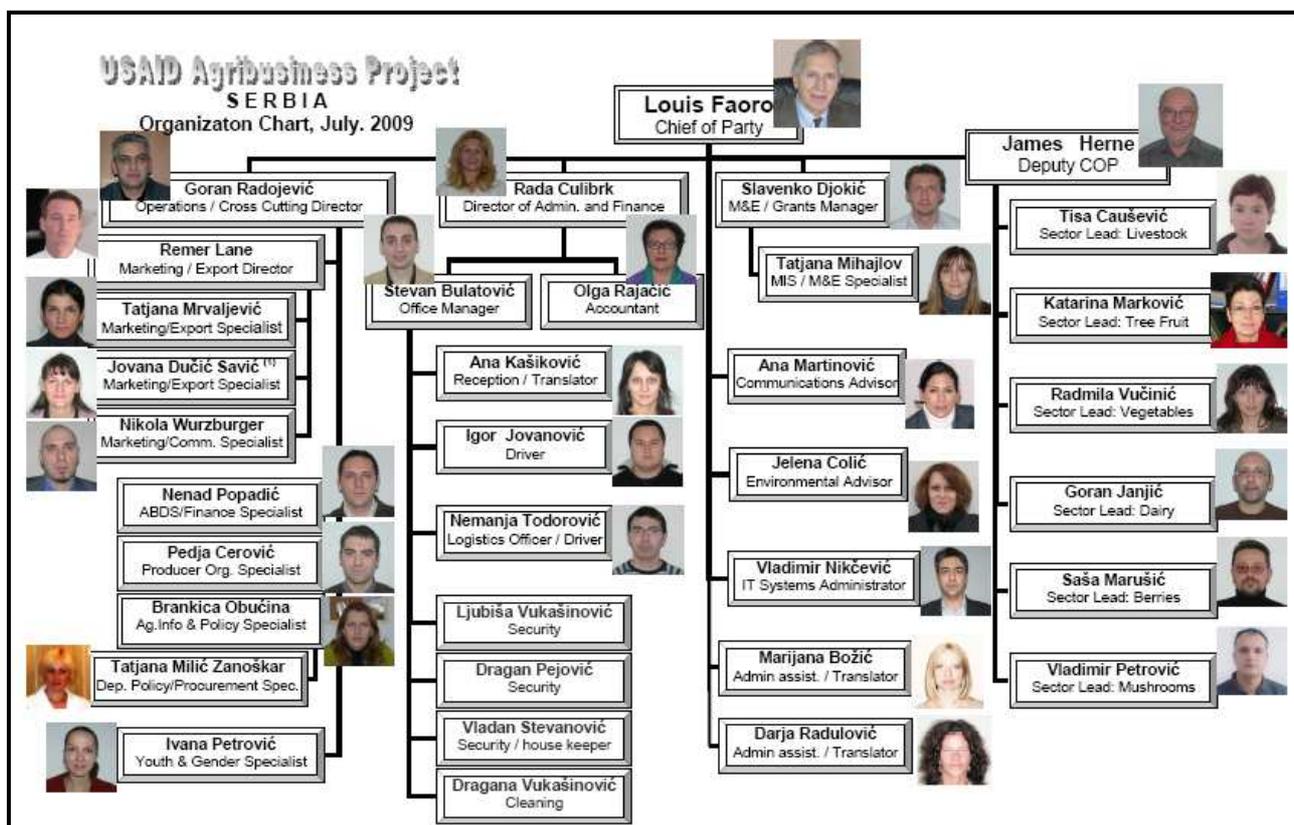
In Year Three, efforts in international promotion through the use of specialized media will be increased. In Year Two substantial efforts were directed at building relationships with international journalists and editors. In preparation for every international fair or exhibition media advisories were distributed to targeted international media, and press releases were distributed following these events where appropriate. Media boxes and other tools offered at fairs and exhibitions will continue to be used in order to expand the reach to the international press. All media activity prior to, and following the fairs, was coordinated amongst our partners, such as the Ministry of Agriculture, SIEPA and GTZ - where and when appropriate.

3.2 Project & Program Administration:

Early in Year Two the Project underwent some significant changes in management, with both the Chief of Party and the Deputy Chief of Party being replaced at the end of 2008. During 2008 a decision was also taken to end the contract of the fourth expatriate on the Project – the Producer Organization Development Advisor – and to replace him with a series of international STTA consultant assignments. Following these changes the expatriate staffing for the Project has stabilized, and over the course of Year Three there are no planned changes in the expatriate personnel. The current expatriates assigned to the Project, and their titles, are as follows:

- Mr. Louis Faoro – Chief of Party
- Mr. James Herne – Deputy Chief of Party
- Mr. Remer Lane – Marketing & Sales Director

There have also been some changes to the Serbian professional staff during Year Two, but at the end of the year the Project has a full compliment of professional staff and the only new positions that are expected to be filled at this time would be a new Sector Lead person in the third field office in Nis, and an administrative assistant for that office as well. An organizational chart for the Project, with the staff on board at the time the Workplan was prepared is shown below:



With the opening of a new office in Nis, and the addition of new staff, the Project will need to acquire some new assets to make sure these new employees can fulfill their functions effectively. The project will request approval for the purchase of the following items:

- Two new vehicles (one for Belgrade, one for Nis)
- One laptop and one desktop computer for the Nis office
- Phones, printer, photocopiers, etc for the Nis office

- Sufficient office furniture for the planned staff in Nis

Over the course of the first quarter of Year Three Project staff will make an assessment of the office space available in Nis and make a decision on an appropriate location. As the selection of the office space is underway the Project will also advertise for the local staff for the office and the selection process will be completed by the end of November 2009. It is expected that the office will be established, and the first two employees will be hired before the end of the calendar year.

V. PROPOSED RESULTS RELATIVE TO THE PMP TARGETS

The Annex section that includes the Agribusiness Project's Performance Monitoring Plan (PMP) describes the Project performance monitoring system, which is the foundation of the internal monitoring and evaluation system. This system will allow the Agribusiness Project to build on winning initiatives and take corrective action when results are less successful than anticipated. A flexible management strategy will replicate successes and, thereby, expedite achieving the desired results and impact of the Agribusiness Project. The PMP system is used to compile and track performance monitoring information, including the indicators required by USAID Serbia, as well as qualitative information, such as anecdotal experiences, which can be published as success stories.

PMP Framework

The proposed approach to performance monitoring is based on a causal chain that links Project activities to USAID Serbia's Foreign Assistance Strategy. In this causal chain, three Project objectives lead to project activities. The Project activities will produce, in the first instance, Project results (outputs), such as new technologies and methodologies adopted by firms and farmers, links established or improved between value chain actors and financial service providers, etc. These outputs, in turn, will lead to positive key Project results (outcomes). These outcomes have largely been defined by USAID Serbia in the RFP. Ultimately, the project outcomes lead to Project impact. The overall impact of the Agribusiness Project will be a stronger agricultural and agribusiness sector, with Serbian producers able to compete more effectively in domestic and global markets, and increased household income for Serbian farmers.



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USAID Serbia Agribusiness Project

Year Three Annual Workplan

October 1, 2009 – September 30, 2010

Annex I – Performance Monitoring Plan

Performance Monitoring Plan

Introduction

This document describes a comprehensive approach to USAID Agribusiness Project's Performance Monitoring Plan (PMP). It builds upon the framework outlined in DAI's proposal and Year 1 Workplan. The performance monitoring system serves as the foundation of the project's communications strategy and its internal monitoring and evaluation system. This system will allow USAID Agribusiness Project staff to build on winning initiatives and take corrective action when results are less successful than anticipated. An adaptive management strategy will facilitate replication of successes and, thereby, expedite achieving the desired results of USAID Agribusiness Project. The system is used to compile and track performance monitoring information, including indicators required by USAID/Serbia, as well as qualitative information, such as anecdotal experiences that can be published as success stories. The PMP:

- Meets all USAID/Serbia and USAID/Washington reporting needs, enabling USAID Agribusiness Project management to report to USAID total sales of targeted products for every dollar in award funds;
- Functions as the project internal monitoring and evaluation system, assisting USAID Agribusiness Project staff and USAID to manage and prioritize project investments;
- Consolidates and distributes standardized information on the performance of targeted value chains (elements of the PMP can remain beyond the life of the project); and
- Shares lessons learned on best practice models that can be replicated.

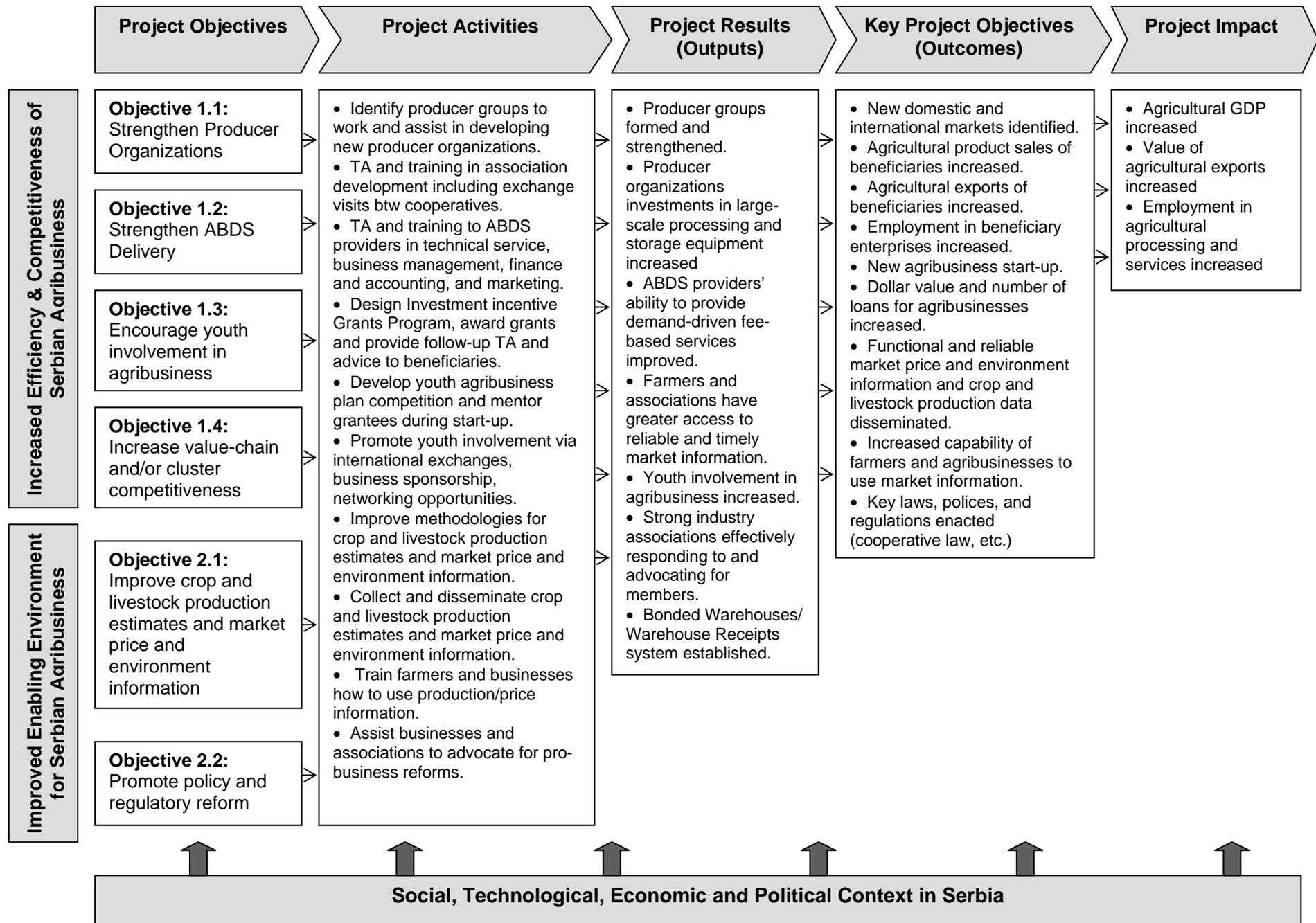
The PMP is divided into three main sections. The first section follows this introduction and explains the causal model that shows the relationship between project activities, outputs, outcomes and impact. The second section provides a description of the proposed project level indicators, including the rationale behind each one and a brief description of how they will be captured and used. The third and final section deals with management of the PMP.

PMP Framework

The proposed approach to performance monitoring is based on a causal chain that links project activities to USAID/Serbia's Foreign Assistance Strategy. Figure H-1 shows the relationships between USAID Agribusiness Project activities and targeted results.

In this causal chain, the three **project objectives** lead to **project activities**. The **project activities** will produce, in the first instance, **project results (outputs)**, such as new technologies and methodologies adopted by farmers; links established or improved between value chain actors, small producers, and financial service providers,; and so forth. These outputs, in turn, will lead to positive **key project objectives results (outcomes)**. These outcomes have largely been defined by USAID/Serbia in the RFP. Ultimately, the project outcomes lead to **project impact**. The overall impact of the USAID Agribusiness Project will be a stronger agricultural sector, with Serbian producers able to compete more effectively in domestic and global markets and Serbian farmers enjoying increased household income.

FIGURE H-1: PMP FRAMEWORK



Project-Level Indicators

The project-level indicators for the PMP are divided into the following categories:
USAID Standard F Indicators

Overarching Project Level Indicators

Component 1: Increased Efficiency and Competitiveness of Serbian Agribusiness

Objective 1.1: Strengthen Producer Organizations

Objective 1.2: Improve ABDS Delivery

Objective 1.3: Encourage youth involvement in agribusiness through the Youth Enterprise Program

Objective 1.4: Increase value-chain and/or cluster competitiveness

Investment Incentive Grants to support Objectives 1.1, 1.2, 1.3 and 1.4

Capacity Building Grants for Producer Organizations and ABDS Providers

Component 2: Improved Enabling Environment for Serbian Agribusiness

Objective 2.1: Improve Crop and Livestock Production Estimates and Market Price Information

Objective 2.2: Promote Legal, Policy, and Regulatory Reform

A brief overview follows of the indicators for each of these project objectives. These indicators are further defined, including targets and data collection methodology, in Attachment 1.

USAID Standard Indicators

USAID/Serbia has recommended the following performance indicators to measure the results generated through the support provided by USAID Agribusiness Project. The data collection methodology will include the Data Quality Assessment, as well as other tools provided by USAID/Serbia.

- Percent change in value of international exports of targeted agricultural commodities as a result of USG assistance;
- Number of producer organizations, water user associations, trade and business associations, and community-based organizations (CBOs) receiving USG assistance; and
- Number of agriculture-related firms benefiting directly from USG supported interventions.

Overarching Project-Level Indicators

While a number of indicators can be attributed to particular interventions, several higher-level indicators will result from a combination of technical assistance, training, and grants that span multiple objectives. We consider the following to be overarching project indicators:

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Overarching Project Indicators	Narrative Description
Percent change in agricultural GDP (to be compared with the GDPs of neighboring countries, e.g. Bosnia, Macedonia, Croatia, Bulgaria, etc.)	Because GDP is one of the most important measures of production in the Serbian economy, it is important to measure all production of agricultural commodities, which includes all crop, livestock, and fisheries activities. In 2005, Serbian agricultural GDP was \$4.25 B; by 2006 it had reached \$4.79 B. However, agricultural GDP has since dropped 11.7, to \$4.23 B in 2007 [^] , thus the projections given in the PMP are very conservative. USAID Agribusiness Project has also taken into account a dynamic political environment in Serbia, which as such may generate unexpected macroeconomic indicators.
Percent change in the value of agricultural exports (disaggregated by export market and commodity)	Three groups of goods dominate Serbia's agricultural exports: fruits and vegetables (33%), particularly raspberries; cereals and their processed products (26%), particularly maize; and sugar and confectionery products (16%). The higher unit prices for imported agricultural and foodstuff products indicate that Serbia continues to export less-processed goods and import higher value-added products. USAID Agribusiness Project will work with producer groups and businesses to continue the agricultural export growth trend likewise in the previous years (2005: \$909M; 2006: \$1.25B; 2007: \$1.67B) [^] .
Actual increase in employment in agricultural processing and services (disaggregated by the gender of new employees, type of employment, sub-sector, and geographic region)	A key objective of USAID Agribusiness Project, increasing employment in target agricultural processing and services, is important to promoting development in Serbia. Focusing on entire value chains will lead to increased employment in competitive value chains in areas such as input supply, processing, marketing, etc. Employment calculations will include assessments of full-time, part-time, and seasonal employment, to arrive at total number of jobs. The projection is for 10,000 new jobs in 2012 (cumulative). Enterprises will include commercial farms and firms along the value chain, such as input suppliers, processors, buyers, exporters, etc.
Dollar value change in agricultural product sales of USAID Agribusiness Project beneficiaries (disaggregated by geographic region and commodity)	USAID Agribusiness Project will work with producers and farmer groups to improve production practices, post-harvest handling, packaging, and marketing with the objective of increasing the total value of agricultural product sales of Serbian farmers and firms.

NOTE: The National Bureau for Statistics publishes GDP data annually, with a six-month lag following the end of the calendar year (Serbian fiscal year). Also, agricultural export data are published on an annual basis as a summary report, but some row figures might be available on a quarterly basis. USAID Agribusiness Project staff shall make all efforts to obtain these data as soon as available, but USAID should be aware of the reporting constraints related to these two indicators; that is to say, USAID Agribusiness Project staff members have no control over the reporting timing whatsoever. USAID Agribusiness Project has established an official communication channel with the National Bureau for Statistics to assure professional and timely exchange of information.

[^] Source: National Bureau for Statistics

Component 1: Increased Efficiency and Competitiveness of Serbian Agribusiness

Objective 1.1: Strengthen Producer Organizations

Once the USAID Agribusiness Project team has carried out the rapid sub-sector assessments and developed commodity action plans, it will assist both existing and nascent groups of farmers and/or agribusiness-related firms in working together to become effective service providers for their members and evolve into sustainable business enterprises. This includes training and technical assistance in association development (devising new by-laws, formulating governance and management oversight, identifying and developing fee-based member services), association management, finance and accounting, improved production, processing and marketing.

Objective 1.1 Indicators	Narrative Description
Number of producer organizations assisted as part of the USAID Agribusiness Project (disaggregated by geographic region, sub-sector, age of organization, and the size of producer organizations, i.e. number of members).	It will be necessary for farmers to learn to work together to achieve economies of scale in terms of input purchases and product sales. A key focus of USAID Agribusiness Project will be to work with existing producer organizations and help to establish new ones with the objective of helping them to become sustainable, financially viable business enterprises.
Number of new members joining USAID Agribusiness Project-assisted producer organizations (disaggregated by gender and geographic region).	A prime indicator of an organization’s success is its ability to attract and retain new members.
Total dollar value of member sales through USAID Agribusiness Project-assisted producer organizations (disaggregated by gender and market, i.e. domestic/international).	A major reason that producers benefit from collective action is the ability to capitalize on economies of scale and access new markets for their goods by selling in larger quantities to meet buyer requirements.
Average Score of assisted producer organizations on the Organizational Capacity Assessment Tool.	This indicator is an overarching tool that scores civil society and community-based organizations across seven dimensions that are critical to effective organizations (governance, management practices, human resources, financial resources, service delivery, external relations, and sustainability). Each dimension is scored on a five-point scale, where 1= needs urgent attention, all the way to 5 = good, needs maintaining. Adding the dimension totals gives the response entities’ final score for the year.

Objective 1.2: Improve ABDS Delivery

USAID Agribusiness Project will assist ABDS providers to strengthen their operations and promote the establishment of new ABDS firms to provide in-demand services to firms along the value chain. The USAID Agribusiness Project team will identify initial ABDS providers and assist them to strengthen the quality and range of services offered. The USAID Agribusiness Project team will also identify opportunities for new ABDS providers, and assist promising entrepreneurs interested and willing in starting up new ABDS enterprises. USAID Agribusiness Project will focus on four primary areas of service delivery: technical services, including firms to adopt new technologies and practices to promote increased productivity and efficiency; management services to assist firms to develop business and operational plans, strategies, and new ways of working; financial services to train firms in accessing credit and managing their financial accounting systems; and marketing services to support firms in identifying and capitalizing on new market opportunities both at home and abroad and to finalize new sales. USAID Agribusiness Project will

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complement assistance to ABDS providers with technical assistance to the agribusinesses in accessing financial institutions.

Objective 1.2 Indicators	Narrative Description
Number of Agribusiness Development Service (ABDS) firms benefiting directly from USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, and geographic region).	ABDS firms provide a range of services to firms and farmers, including technical assistance in adopting new technologies and practices, management and financial consulting to strengthen business practices, and marketing assistance to promote client firm sales. This will measure the number of firms working with the project.
Number of new ABDS started with USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, and geographic region).	In areas where agribusiness development service firms do not exist, USAID Agribusiness Project will assist partners in identifying market opportunities for starting up new ventures that respond to local business needs. This will measure new ABDS firm creations.
Total dollar value of new revenues generated from ABDS providers as a result of USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, type of service, and geographic region).	ABDS providers will be sustainable when they are able to identify and offer a range of in-demand services that firms are willing to pay for. USAID Agribusiness Project will only count new revenues for this indicator to account for the direct contribution that USAID Agribusiness Project activities make.
Client satisfaction rating by firms of the availability and quality of agribusiness development services by region (disaggregated by the gender of owner or general manager, type of firm, and geographic region).	Client satisfaction measures are useful for gauging, from the perspective of different beneficiary groups, the value and impact of assistance. Client satisfaction is measured on a five-point scale, and clients are asked to rate each type of service provided (training, technical assistance, marketing, advocacy, etc.), and to provide an overall summary score (1 to 5) on their overall satisfaction with the package of services received. With these ratings, USAID Agribusiness Project will be able to assess to what extent the team is adeptly identifying unmet needs and assisting the private sector respond to these needs.
Number of producers/processors who have received credit as a result of USAID Agribusiness Project assistance (disaggregated by the gender of borrower, lending institution, sub-sector, and geographic region).	Access to financial services is critical to assisting farmers and firms to make investments in their businesses. USAID Agribusiness Project will provide technical assistance to farmers and firms, and promote the loans to the agricultural sector.
Total dollar value of credits received by producers/processors as a result of USAID Agribusiness Project assistance (disaggregated by the gender of borrower, lending institution, sub-sector, and geographic region).	Access to financial services is critical to assisting farmers and firms to make investments in their businesses. By assisting financial service providers and training loan officers, USAID Agribusiness Project will strengthen the lending community's ability to make profitable loans to the agricultural sector.

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Objective 1.3: Encourage Youth Involvement in Agribusiness through the Youth Enterprise Program and Business Plan Competition

It is a challenge to attract and retain Serbian youth in agriculture and agribusiness. The Youth Enterprise Program intends to address this issue by encouraging youth participation in the USAID Agribusiness Project through exchanges and networking opportunities with international universities and organizations, and the development of a 4H program and Young Serbian Farmers' Association. The Business Plan Competition will, in turn, provide promising young entrepreneurs with assistance to develop business and investment plans and startup and expansion grants.

Objective 1.3 Indicators	Narrative Description
Number of Business Plan Competition winners (disaggregated by the gender of owner or general manager, and geographic region).	The Business Plan Competition will provide an impetus to young entrepreneurs ¹ to refine their business ideas and acquire the capital necessary to make them happen. There will be approximately one competition per year but most likely none in Year 5.
Number of youth-led businesses participating in USAID Agribusiness Project (disaggregated by the gender of owner or general manager, sub-sector, and geographic region).	In addition to the winners of the Business Plan Competition, USAID Agribusiness Project will provide assistance to young farmers/ entrepreneurs within the selected sub-sectors. This assistance will include technical assistance, training programs, management capacity building, grants (other than the Youth Enterprise Grants), market study tours and fairs, etc.
Number of youth-led successful/operational businesses initiated thanks to USAID Agribusiness Project (disaggregated by the gender of owner or general manager, sub-sector, and geographic region).	USAID Agribusiness Project will establish a record of successful youth-led businesses initiated thanks to the Project. Youth/Gender Director and M&E/Grants Department will determine an appropriate mechanism to measure the success of youth-led businesses supported through the Project. That support will include, but is not limited to: governance, management practices, human resources, financial resources, service delivery, external relations, advanced technology implementation, sustainability, etc.

Objective 1.4: Increase Value-Chain and/or Cluster Competitiveness

USAID Agribusiness Project will utilize the grants and technical assistance to promote the project's objectives of rapid, sustained, broad-based economic growth. These activities will be leveraged to address market failures hindering firms from investing in new technologies, international food safety and quality standards, expanding their facilities, or purchasing services.

Objective 1.4 Indicators	Narrative Description
Number of farmers and firms accessing new technologies that enhance productivity, production, and quality with the support of Investment Incentives Grants (disaggregated by the gender of owner or general manager, type of technology, and geographic region).	USAID Agribusiness Project will assist farmers and firms to buy down risk and take the opportunity to make investments that enhance their productivity and ultimately contribute to profitability by introducing a new technology. The leverage point for this assistance would be at the producer organization or a sub-sector association level so as to achieve a greater impact of such new technology. The goal will be to have as many producers as possible covered by a new technology.

¹ Young entrepreneurs are defined as young adults between the ages of 15-24.

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<p>Number of international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, organic, etc.) introduced to and/or adopted by agribusinesses thanks to USAID Agribusiness Project (disaggregated by the sub-sector and the type of certificate).</p>	<p>USAID Agribusiness Project will develop technical assistance packages aimed at improving the level of productivity, reducing the cost of production, post-harvesting losses, improving product quality and marketability and improving farm enterprise management through introduction of international food-safety, management and quality standards.</p>
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Investment Incentive Grants to support Objectives 1.1, 1.2, 1.3 and 1.4

USAID Agribusiness Project will utilize Investment Incentive Grants to promote the project’s objectives of rapid, sustained, broad-based economic growth. These grants will be leveraged to address market failures hindering firms from investing in new technologies, expanding their facilities, or purchasing services. The Investment Incentive Grants program does not aim to displace the market or promote investments that would have been made, but rather to assist firms to buy down risk and take the opportunity to make investments that enhance their productivity and ultimately contribute to profitability.

Investment Incentive Grants Indicators	Narrative Description
<p>Number of investment incentive grants disbursed under USAID Agribusiness Project including youth enterprise grants (disaggregated by the gender and age of grantee, type of grant, and geographic region).</p>	<p>It is envisioned that USAID Agribusiness Project will disburse a minimum of 10 grants per year to eligible firms that receive competitively awarded grants, plus project-sponsored innovation grants. There are four award categories: 1) producer organization grants; 2) enterprise expansion grants; 3) agribusiness start-up grants; and 4) youth enterprise grants.</p>
<p>Dollar value of investment incentive grants disbursed under USAID Agribusiness Project (disaggregated by the gender and age of grantee, type of grant, and geographic region).</p>	<p>All grants will be cost shared, requiring a minimum of 40% contribution in the case of start-up grants to a 65% contribution for producer organization grants. Youth enterprise grants may receive up to 100% financing. The dollar value presented is an estimate; the actual value will be balanced with the enabling grants total.</p>

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Capacity Building Grants for Producer Organizations and ABDS Providers

USAID Agribusiness Project will utilize the Capacity Building Grants to support non-profit and for-profit non-governmental producer organizations and ABDS providers so as to improve their management and operational capacity. As for specific activities, these grants will be used to support the creation and capacity building of the targeted food industry associations and producer organizations to provide general benefit services. The grants will target the associations in the Project’s selected agriculture sub-sectors where there is strong commitment from the private sector stakeholders. USAID Agribusiness Project will further utilize these grant funds to assist ABDS providers to strengthen their operations and promote the establishment of new ABDS firms to provide in-demand services to firms along the value chain. USAID Agribusiness Project will focus on four primary areas of service delivery: technical services, management services, financial services, and marketing.

Capacity Building Grants Indicators	Narrative Description
Number of capacity building grants disbursed under USAID Agribusiness Project (disaggregated by the type of grantee, and the purpose of a grant).	As for specific activities, these grants will be used to support creation and capacity building of the targeted food industry associations, producer organizations and ABDS providers to provide general benefit services and technical assistance to the beneficiaries. These associations and organizations can be at the national level, or at a regional level, depending on the concentration of the industry in the region and the activities performed by the association. The grants will not cover any operating expenses for established associations, but will focus on building the capacity of the associations to carry out their functions, e.g. agriculture extension services, business advisory, financial management consulting, joint sales, etc.
Dollar value of capacity building grants disbursed under USAID Agribusiness Project (disaggregated by the type of grantee, and the purpose of a grant).	The dollar value presented is an estimate, which needs to be balanced with the Investment Incentive Grants.

Component 2: Improved Enabling Environment for Serbian Agribusiness

Objective 2.1: Improve Crop and Livestock Production Estimates and Market Price and Environment Information

An accurate, user-friendly, up-to-date and widely available agricultural management information system is a critical component to assisting Serbian farmers and businesses to make production, pricing, and marketing decisions. USAID Agribusiness Project will work with the MAFWM and Bureau of Statistics to improve data collection and dissemination procedures and to strengthen the capacity of producers and firm managers to utilize production and price information when making business decisions.

Objective 2.1 Indicators	Narrative Description
Reliable crop/livestock production, in-country consumption and market price information system operating within the MAFWM.	The MAFWM and Bureau of Statistics currently operate STIPS, a market information system. The system could be strengthened with more consistent data collection methodologies and an expansion of the type of data collected (in-country supply and demand balances per commodities, international trade data and data on external reference prices). The system must be user-friendly and enable more producers and enterprises to "make better business decisions." This indicator will measure the quality impact through an annual or semi-annual client satisfaction survey.
Surveys of USAID Agribusiness Project’s focal sub-sectors implemented in conjunction with the MAFWM and with FAO support.	A national agricultural census has not been carried out in 10 years. USAID Agribusiness Project will assist the MAFWM to carry out discrete studies on each of the sectors that USAID Agribusiness Project is working on, where it is congruent with the Serbian Agricultural Strategy, to ensure better baseline information on each of the sub-sectors or specific agricultural issues.
Number of producers, firms and producer organizations trained in the use of market information, production and in-country consumption data for strategic planning, farm management, and business decision making (disaggregated by the gender of trainee, type of training, and geographic region).	A market information system is only valuable if users are trained in how to access and use the information in the system to make better business decisions. The producer organizations will be the primary target for training, since they can further extend accrued knowledge. Training outcome will be measured not only by the number of associations/producers trained, but also by the number of seminars/workshops organized.

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Introduction of an operational Environmental Information System (EIS).	The Environmental Protection Agency of the Republic of Serbia, registered as National Reference Center for Agriculture by the European Environment Agency, will establish an Environmental Information System to collect, assess and analyze environmental data at the national and regional levels. The goal is to provide access to sound, science-based information necessary for the implementation of environmental principles among producers, ABDS providers and policymakers. The system will facilitate the efficient control, monitoring, planning, audit and review of activities in the agricultural sector. Thanks to the system's parameters related to data on land quality, usage of agricultural inputs and agro-chemicals (fertilizer and pesticides), population, labor force, macro-economic aggregates and development assistance, all agricultural stakeholders will gain access for the first time to this kind of data. USAID Agribusiness Project will measure qualitative impact of this system through an annual or semi-annual client satisfaction survey.
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Objective 2.2: Promote Legal, Policy and Regulatory Reform

USAID Agribusiness Project will support legal, policy and regulatory reform efforts that directly impact agribusiness competitiveness. In this context, USAID Agribusiness Project shall focus on working through local counterparts, such as the Standing Conference of Towns and Municipalities (SCTM), the National Alliance for Local Economic Development (NALED), local advocacy groups, cooperatives, business and industry associations to effect policies and procedures. USAID Agribusiness Project shall also support specific public/private initiatives to improve the application of key laws, institutions and policies related to agribusiness competitiveness, and the formulation and application of international policies such as agriculture-related EU and WTO agreements.

Objective 2.2 Indicators	Narrative Description
Number of strategy papers prepared on policy related issues as a result of USAID Agribusiness Project activities (disaggregated by the type of reform/policy, EU and/or international principles and rules, and sub-sector).	USAID Agribusiness Project has already identified a number of policy areas that need to be addressed by the Government in order to expand economic growth in the agricultural sector. Others will arise during the Project activities. Strategy papers addressing the policy-related issues for the purpose of ensuring compliance with the EU regulations will be of primary interest to the USAID Agribusiness Project. The Project expects to provide its contribution, <i>inter alia</i> , in the following areas: food safety, plant health, veterinary matters, warehouse receipts, protection of plant varieties, development of cooperatives, etc.
Number of policy and regulatory reforms implemented as a result of USAID Agribusiness Project assistance (disaggregated by the type of reform/policy, EU and/or international principles and rules, and sub-sector).	This will be the numbers of laws or regulations adopted by the Government and/or Parliament and subsequently fully implemented.

Management of the PMP

Slavenko Djokic, the Project's Monitoring and Evaluation Specialist, working in coordination with the COP, is responsible for implementing this plan. USAID Agribusiness Project will collect, analyze, and report on data via four primary methods: 1) project data collected by USAID Agribusiness Project staff and entered into DAI's Technical and Administrative Management Information System (TAMIS) on a daily or weekly basis, in the case of some activities; 2) a quarterly client impact survey using the questionnaire developed by the Project's Grants/M&E staff; the first quarterly survey in Year 2 of the Project will be conducted in December 2009; 3) an annual client satisfaction and impact survey, using the questionnaire developed by the Project's Grants/M&E staff; and the survey conducted by using the OCAT; and 4) grantee reporting requirements that clearly link grant funding, dollar for dollar, to project results. On a quarterly basis in roundtable meetings with stakeholder groups, USAID Agribusiness Project will present progress against targets, request feedback on USAID Agribusiness Project performance and, on an annual basis, plan sector initiatives for the coming year in collaboration with Partners and USAID. This will provide important inputs for USAID Agribusiness Project's Annual Workplan.

Technical Assistance Management Information System

On a daily basis (weekly in the case of some activities), USAID Agribusiness Project staff will be required to enter all project activities into TAMIS. DAI's TAMIS integrates workplan management, impact and performance monitoring, and project administration into one easy-to-use information system customized to the details of the annual workplans developed for USAID Agribusiness Project. In addition to specifying, tracking, and timing resource allocation, TAMIS will compile and sort information pertinent to each task. The key to the efficiency of TAMIS is that all data and information required for implementation and monitoring are entered only once by staff into a single database as part of their routine work, eliminating the need for separate monitoring efforts. TAMIS provides up-to-date implementation information that:

- Tracks workplan progress toward agreed upon milestones and implementation, including records of meetings, assignment of follow-up actions, and schedules for training and workshops;
- Tracks grants;
- Monitors performance of partners—farmers, producer groups, agribusinesses, associations—against established performance indicators;
- Reports progress by region or specific site by linking the TAMIS databases to a Geographical Information System. This enables us to be readily able to provide maps and other graphics that help our partners visualize performance and impact of USAID Agribusiness Project and our partners.
- Monitors achievement of performance indicators used to meet USAID/Serbia's objectives; and
- Generates reports and documentation required under the F-Process.

The performance monitoring and evaluation module is an integral component of TAMIS and will allow continual status updates on progress made on performance milestones and indicators that contribute to USAID/Serbia's objectives. Through the Internet, USAID/Serbia can monitor progress on a regular basis without lengthy and burdensome reporting requirements. Moreover, as the project evolves and participants' information requirements change, further adaptation of the system can be made.

Quarterly and Annual Client Surveys

Client impact and satisfaction surveys are efficient tools for measuring results and obtaining feedback from our primary partners: businesses and farmer organizations. **Client impact** surveys can be done cost

effectively and efficiently, yielding rich information for USAID and USAID Agribusiness Project management. For the quarterly income and sales surveys, data can be collected in approximately two weeks, while the annual larger impact and satisfaction surveys entail about one month of data collection for a sample set of firms and organizations from across the country. Technical Advisors and Sub-sector Leads will advise the Monitoring and Evaluation Team about the firms and organizations that should be covered by the survey for each quarter. These types of surveys enable project management and USAID to collect quantitative data on production and income changes, as well as qualitative success stories useful for sharing results to a wider audience. Firms will be obligated to share sales data (emphasizing that the identity of each firm will remain confidential) as part of the agreement to work with the Project.

Client satisfaction measures are useful for gauging, from the perspective of different beneficiary groups, the value and impact of assistance. Client satisfaction is measured on a five-point scale, from 1 = extremely dissatisfied to 5 = extremely satisfied. Clients are asked to rate each type of service provided (training, technical assistance, marketing, advocacy, etc.), and to provide an overall summary score (1 to 5) on their overall satisfaction with the package of services received. USAID Agribusiness Project will therefore be able to report on client satisfaction by each type of service as well as overall satisfaction with the program as a whole (for example, USAID Agribusiness Project can calculate the percentage of firms reporting that they are extremely satisfied with the training that they have received, and the percentage that are extremely satisfied overall). With these ratings, USAID Agribusiness Project will be able to assess to what extent the team is adeptly identifying unmet needs in communities and assisting the private sector respond to these needs.

The **Organizational Capacity Assessment Tool (OCAT)** has been a critical tool used by DAI to implement development programs across the globe. This instrument, based on the version developed by PACT, measures change over time within organizations. It measures an organization's relative strengths and weaknesses, and provides baseline information needed to develop capacity building activities. Through OCAT, specific interventions can be tailored to each organization, strengthening its capacity over time, and providing the means to measure progress. OCAT has been used by DAI to assess various types of organizations (with modification) including agricultural producer organizations, other NGOs, local government offices/ministries, and commercial enterprises, and it is adjusted to serve the needs of USAID Agribusiness Project in Serbia. The tool measures each organization across seven variables: 1) Internal Governance; 2) Management Practices; 3) Human Resources; 4) Financial Resources; 5) Service Delivery; 6) External Relations; and 7) Sustainability. Each dimension is scored using a five-point scale, where 1 = needs urgent attention to 5 = strong, needs maintaining. Then all the dimension totals will be added together to get the response entities' final score for the year. We expect newly formed organizations to begin with a baseline of seven, and by the second year of assistance to achieve a minimum score of 15. A strong producer organization in Serbia should score between 25 and 30; top performers should exceed 30 (with a maximum possible score of 35).

Grants Monitoring

Cost-share Investment Incentive grants are an important component of USAID Agribusiness Project activities to demonstrate new technologies to farmers, firms, and associations, promote innovation, reduce risk, and stimulate new investments, each of which will be designed to improve production, reduce costs, increase income, and/or increase sales. The Capacity Building Grants for Producer Organizations and ABDS Providers are designed to support non-profit and for-profit non-governmental producer organizations and ABDS providers as to improve their management and operational capacity. As for the specific activities, these grants will be used to support the creation and capacity building of targeted food industry associations and producer organizations to provide general benefit services. The grants will target the associations in the project's selected agriculture sub-sectors where there is strong commitment from the private sector stakeholders. Every grant will therefore be selected with the perspective of how this grant will directly link to the previously defined competitiveness-related results. As part of the reporting process, each grant

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rationale will include a section clearly outlining what result will be achieved via this grant, and each grant should be divided into two or more tranches, with grantees required to demonstrate progress in implementation in order to receive the entire grant amount. Grantees themselves will thereby be part of the performance monitoring plan, as they will be required to report on periodic and final results of each grant dollar spent. This data will be fed into TAMIS, easily accessible by both USAID Agribusiness Project and USAID management.

These methods of data collection will enable USAID Agribusiness Project staff to report to USAID the USG's return on investment: total sales generated as a result of project activities will be calculated and reported on an annual basis pending the results of the client satisfaction and impact survey. Additionally, when requested, USAID Agribusiness Project will produce and submit to USAID and relevant stakeholders brief success stories documenting interventions, innovations, and expansion where these could be of use in Serbia or elsewhere.

USAID Agribusiness Project- USAID Standard Indicators

No.	Performance Indicator	Methodology (data source)	Responsible Party	Baseline	2008	2009	2010	2011	2012
1	Percent change in value of international exports of targeted agricultural commodities as a result of USG assistance	National statistics	N/A	Agricultural export of targeted agricultural commodities in 2007	15% (over baseline)	15% (over previous year)	15% (over previous year)	15% (over previous year)	15% (over previous year)
2	Number of producer organizations, water user associations, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	Project data input into TAMIS	M&E/Grant Manager	N/A	15	30 (cumulative)	40 (cumulative)	45 (cumulative)	50 (cumulative)
3	Number of agriculture-related firms benefiting directly from USG supported interventions	Project data input into TAMIS	M&E/Grant Manager	N/A	30	85 (cumulative)	100 (cumulative)	125 (cumulative)	150 (cumulative)

NOTE: Projections on percent changes in value of international exports of targeted agricultural commodities are given based on *Projections of the basic macroeconomic indicators: 2008 - 2011*, a document issued by the Government of Serbia in May 2008. However, the targets shall be projected for each year over the life of the project and may be revised on an annual basis if economic conditions justify it.

USAID Agribusiness Project- Overarching Project-Level Indicators

No.	Performance Indicator	Disaggregated by:	Methodology (data source)	Responsible Party	Baseline	2008	2009	2010	2011	2012
1	Percent change in agricultural GDP	N/A	National statistics	N/A	2007 Ag GDP: \$4.25 B	0.5% (over baseline)	1% (over baseline)	3% (over baseline)	6% (over baseline)	10% (over baseline)
2	Percent change in the value of agricultural exports	<ul style="list-style-type: none"> Export market Commodity 	National statistics	N/A	2007 Ag Exports: \$1.67 B	2% (over baseline)	4.5% (over baseline)	7.5% (over baseline)	11% (over baseline)	15% (over baseline)
3	Actual increase in employment in agricultural processing and services	<ul style="list-style-type: none"> Region Gender of new employees Type of firm Type of employment 	<i>Client Impact Survey</i> designed and implemented by the M&E/Grant Department including data validation and reporting	M&E/Grant Manager	0	200 persons	1,000 persons (cumulative)	3,000 persons (cumulative)	6,000 persons (cumulative)	10,000 persons (cumulative)
4	Dollar value change in agricultural product sales of USAID Agribusiness Project beneficiaries	<ul style="list-style-type: none"> Region Commodity 	<i>Client Impact Survey</i> designed and implemented by the M&E/Grant Department including data validation and reporting	M&E/Grant Manager	0	\$3 M in Year 1	\$7 M in Year 2	\$12 M in Year 3	\$20 M in Year 4	\$30 M in Year 5

NOTE: Projections on percent changes in agricultural GDP and exports are given based on *Projections of the basic macroeconomic indicators: 2008 - 2011*, a document issued by the Government of Serbia in May 2008, and the Task Order. The targets for Overarching Project-Level Indicators for 2012 as set in the Task Order shall remain unchanged. However, the targets shall be projected for each year over the life of the project and may be revised on an annual basis if economic conditions justify it.

USAID Agribusiness Project - Component 1: Increased Efficiency and Competitiveness of Serbian Agribusiness

No.	Performance Indicator	Disaggregated by:	Methodology (data source)	Responsible Party	Baseline	2008	2009	2010	2011	2012			
1	Number of producer organizations assisted as part of the USAID Agribusiness Project NOTE: USAID Standard Indicator	• Region • Age of organization • Size (number of members) • Sub-sector • Type of Assistance	Project data input into TAMIS	Project staff	N/A	15 (30)	30 (50) (cumulative)	40 (70) (cumulative)	45 (90) (cumulative)	50 (100) (cumulative)	NOTE: The original projections (in blue) were not realistic, if we consider only registered Producer Organizations. The new projections (in red) are made based on the first year findings and value-chain assessments		
2	Number of new members joining USAID Agribusiness Project-assisted producer organizations	• Gender • Region	Project data input into TAMIS	Project staff	N/A	250 total new members (annually)	500 total new members	3,000 total new members	5,000 total new members	6,000 total new members			
3	Total dollar value of member sales through USAID Agribusiness Project-assisted producer organizations	• Gender • Domestic/ International	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	\$300K sales in year 1	\$1M sales in year 2	\$2M sales in year 3	\$5M sales in year 4	\$10M sales in year 5			
4	Average score of assisted producer organizations on the Organizational Capacity Assessment Tool	N/A	<i>Annual or semi-annual survey</i> conducted based on the Organizational Capacity Assessment Tool	M&E/Grants Manager	Results of 2008 Assessment will be used as a baseline		TBD	TBD	TBD	TBD			
5	Number of Agribusiness Development Service (ABDS) firms benefiting directly from USAID Agribusiness Project	• Gender of owner/manager • Type of ABDS • Region	Project data input into TAMIS	M&E/Grants Manager	N/A	20 firms	40 firms (cumulative)	60 firms (cumulative)	80 firms (cumulative)	100 firms (cumulative)			
6	Number of new ABDS started with assistance of USAID Agribusiness Project	• Gender of owner/manager • Type of ABDS • Region	Project data input into TAMIS	M&E/Grants Manager	N/A	1	3 (cumulative)	8 (cumulative)	15 (cumulative)	25 (cumulative)			
7	Total dollar value of new revenues generated from ABDS providers as a result of USAID Agribusiness Project	• Gender of owner/manager • Type of ABDS • Type of service • Region	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	\$50,000 in sales in year 1	\$100,000 in sales in year 2	\$200,000 in sales in year 3	\$350,000 in sales in year 4	\$600,000 in sales in year 5			
8	Client satisfaction rating by firms of the availability and quality of agribusiness development services by region	• Type of firm • Gender of owner/manager • Region	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	4	4	4	4	4			
9	Number of producers/processors who have received credit as a result of USAID Agribusiness Project	• Gender of borrower • Region • Lending institution • Sub-sector	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	20	50 (cumulative)	80 (cumulative)	120 (cumulative)	180 (cumulative)			
10	Total dollar value of credits received by producers/processors as a result of USAID Agribusiness Project	• Gender of borrower • Region • Lending institution • Sub-sector	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	\$160,000 in year 1	\$240,000 in year 2	\$240,000 in year 3	\$320,000 in year 4	\$480,000 in year 5			
11	Number of farmers and firms accessing new technologies with the support of Investment Incentive Grants USAID Agribusiness Project	• Firm/ farm • Type of technology • Gender of owner/manager • Region	<i>Client Impact Survey</i> designed and implemented by M&E/Grants Department and Project staff, including data validation and reporting	M&E/Grants Manager	N/A	100	250 (cumulative)	500 (cumulative)	750 (cumulative)	1000 (cumulative)			
12	Number of international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, Organic, etc.) introduced to and/or adopted by agribusinesses thanks to USAID Agribusiness Project	• Subsector • Certificate	Project data input into TAMIS	M&E/Grants Manager	Results of the activities conducted in 2008-2009 will be used as a baseline		TBD	TBD	TBD	TBD			
13	Number of Youth Business Plan Competition winners	• Gender of owner/manager • Region	Project data input into TAMIS	Youth/Gender Director	N/A	10 per annum	12 per annum	15 per annum	15 per annum	No competition			
14	Number of youth-led businesses participating in USAID Agribusiness Project-funded activities, i.e. number of youth who have received the Project's assistance	• Gender of owner/manager • Sub-sector • Region • Type of Assistance	Project data input into TAMIS	Youth/Gender Director	N/A	20 per annum	25 per annum	30 per annum	30 per annum	5 per annum			
15	Number of youth-led successful/operational businesses initiated thanks to USAID Agribusiness Project	• Gender of owner/manager • Sub-sector • Region	Project data input into TAMIS	Youth/Gender Director	N/A	10	22 (cumulative)	37 (cumulative)	52 (cumulative)	57 (cumulative)			
16	Number of Investment Incentive Grants (including Youth Enterprise Grants) disbursed under USAID Agribusiness Project	• Gender and age of grantee • Type of grant • Region	Project data input into TAMIS	M&E/Grants Manager	N/A	N/A (20 per annum)	35 (40) per annum	55 (45) per annum	40 (40) per annum	10 (25) per annum	NOTE: New projections (in red) based on the revised grants budget - Original projections in blue.		
17	Dollar value of Investment Incentive Grants (including Youth Enterprise Grants) disbursed under USAID Agribusiness Project	• Gender and age of grantee • Type of grant • Region	Project data input into TAMIS	M&E/Grants Manager	N/A	N/A (300,000 per annum)	700,000 (800,000) per annum	700,000 (900,000) per annum	500,000 (800,000) per annum	\$100,000 (400,000) per annum			
18	Number of Capacity Building Grants disbursed under USAID Agribusiness Project	• Type of organization • Purpose	Project data input into TAMIS	M&E/Grants Manager	N/A	N/A	25 per annum	20 per annum	15 per annum	5 per annum	NOTE: The new type of grants based on the revised grants program and budget		
19	Dollar value of Capacity Building Grants disbursed under USAID Agribusiness Project	• Type of organization • Purpose	Project data input into TAMIS	M&E/Grants Manager	N/A	N/A	\$300,000 per annum	\$300,000 per annum	\$200,000 per annum	\$100,000 per annum			

USAID Agribusiness Project - Component 2: Improved Enabling Environment for Serbian Agribusiness

No.	Performance Indicator	Disaggregated by:	Methodology (data source)	Responsible Party	Baseline	2008	2009	2010	2011	2012		
1	Reliable crop/livestock production and market price information system operating within the Ministry of Agriculture	• Subsector	Annual or semi-annual survey on client satisfaction designed and implemented by M&E/Grants Department and Policy Specialist, including data validation and reporting	Policy Specialist and M&E/Grants Manager	2008 System Reports will serve as a baseline		TBD	TBD	TBD	TBD		
2	Surveys of USAID Agribusiness Project's focal sub-sectors implemented in conjunction with the MAFWM and with FAO support	• Subsector	Project data input into TAMIS/Data from partner organizations	Policy Specialist	N/A	1 per annum	2 per annum	2 per annum	2 per annum	1 per annum		
3	Number of producers and firms trained in the use of market information & production data	• Gender • Firm/producer • Type of training • Region	Project data input into TAMIS	Policy Specialist	N/A	25	75 (cumulative)	150 (cumulative)	200 (cumulative)	225 (cumulative)		
5	Introduction of an operational Environmental Information System (EIS)	N/A	Annual or semi-annual survey on client satisfaction designed and implemented by M&E/Grants Department and Environmental Engineer, including data validation and reporting	Environmental Engineer and M&E/Grants Manager	No system in place		TBD	TBD	TBD	TBD		
4	Number of strategy papers prepared on policy related issues as a result of USAID Agribusiness Project activities	Type of reform*	Project data input into TAMIS and data from partner organizations	Policy Specialist	N/A	2	6 (cumulative)	9 (cumulative)	11 (cumulative)	12 (cumulative)		
6	Number of policy reforms implemented as a result of USAID Agribusiness Project	Type of reform*	Official Gazette of the RS (Serbian trade magazines and newspapers, GOS & Ministry data)	Policy Specialist	N/A	1 per annum	1 per annum	1 per annum	1 per annum	1 per annum		
7	Number of Project Activities i.e. training programs, trade fairs, seminars, studies and workshops, to enhance delivery of public goods	• Type of Project Activity • Beneficiary/Type of Organization • Purpose	Project data input into TAMIS	Operations Director	N/A	N/A	approx. 30 per annum	approx. 30 per annum	approx. 20 per annum	approx. 5 per annum	NOTE: The new indicators established after the budget realignment	
8	Dollar value of Project Activities training programs, trade fairs, seminars, studies and workshops to enhance delivery of public goods	• Type of Project Activity • Beneficiary/Type of Organization • Purpose	Project data input into TAMIS	Operations Director	N/A	N/A	\$800,000 per annum	\$800,000 per annum	\$500,000 per annum	\$100,000 per annum		
9	Number of Enabling Grants disbursed under USAID-Agribusiness Project	• Type of organization • Purpose	Project data input into TAMIS	M&E/Grants Manager	N/A	approx. 7 per annum	approx. 20 per annum	approx. 20 per annum	approx. 15 per annum	approx. 7 per annum	NOTE: Based on the revised grants program and budget, the Enabling Grants are no longer in use	
10	Dollar value of Enabling Grants disbursed under USAID-Agribusiness Project	• Type of organization • Purpose	Project data input into TAMIS	M&E/Grants Manager	N/A	\$200,000 per annum	\$600,000 per annum	\$600,000 per annum	\$400,000 per annum	\$200,000 per annum		

* Types of reform are described in the PMP (reforms to address EU & International rules and procedures)



**USAID Serbia
Agribusiness
Project**



USAID Serbia Agribusiness Project

Year Three Annual Workplan

October 1, 2009 – September 30, 2010

Annex II – Project Grants Manual

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USAID Agribusiness Project in Serbia Grants Manual

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List of Acronyms

ABDS	Agribusiness Development Services
ADS	Automated Directive System, which is the official written guidance for USAID procedures.
APS	Annual Program Statement
Closeout	The process of documenting the grant files to verify that all performance, reporting, and financial obligations of a grantee have been completed.
CFR	Code of Federal Regulations. The applicable CFR sections for this grant program are: 22 CFR Part 226.21 through 226.90 Administration of Assistance Awards to U.S. Non-Governmental Organizations, as applied and applicable to U.S. and non-U.S. recipients.
COP	Chief of Party
CTO	USAID Cognizant Technical Officer
DAI	Development Alternatives, Inc.
FOG	Fixed Obligation Grant
LSGA	Limited Scope Grant Agreement
NGO	Non-Governmental Organization
USAID	United States Agency for International Development

1. GENERAL DESCRIPTION OF PROJECT

USAID Agribusiness Project is authorized in accordance with the U.S. Foreign Assistance Act and USAID under task order #EDH-I-00-05-00004-00.

The overall objective of the USAID Agribusiness Project is: “Increased value of Serbian agricultural product sales, and increased agricultural employment.” The USAID Agribusiness Project will achieve this objective by increasing the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in the high-potential sectors identified during the sector selection and analysis, and upon USAID’s approval. These agribusiness enterprises will be assisted to take advantage of emerging opportunities in domestic, regional and international markets.

Increased efficiency and competitiveness of Serbian agribusinesses in selected high-potential sectors will be achieved through the range of activities specifically seeking to increase the competitiveness of input suppliers, producers, processors and wholesalers in domestic, regional and international markets by increasing their access to agribusiness development services. The USAID Agribusiness Project will help these agribusiness enterprises build and improve their business and production, financial and technical management skills to identify markets; to access financing; and negotiate and fulfill contracts and purchase agreements.

Increasing Serbian agribusiness competitiveness, however, requires a positive enabling environment, which includes favorable legislation and policies, as well as the effective provision of essential agribusiness extension services. These services include market information, annual agriculture production estimates, animal and plant health and food safety, as well as regulatory oversight, e.g. licensing, labeling, standards, product certification, etc. The USAID Agribusiness Project will engage available resources to encourage and facilitate public-private collaboration as to improve the agricultural information dissemination, support legislative, policy and regulatory reform efforts.

To achieve all these goals, the USAID Agribusiness Project will deliver technical assistance, education and grants to facilitate increased enterprises’ efficiency and competitiveness all along the agriculture production, processing and marketing value chains. Achievement of the core objectives of the USAID Agribusiness Project will be primarily measured by increases in:

- Agricultural GDP;
- The total value of agricultural exports; and
- Employment in agricultural processing and services.

2. GRANTS PROGRAM

2.1 Objectives

The USAID Agribusiness Project will utilize the \$3 million Grants Program to augment the project’s objectives and to support activities emerging from the value chain assessments and the selected sub-sector strategies.

The Grants Program shall be administered in accordance with provisions contained in ADS, Section 302.5.6, “Grants Under Contracts,” ADS Chapter 303, “Grants and Cooperative Agreements to Non-Governmental Organizations,” and/or within the terms of the USAID Standard Provisions applicable to Non-U.S. Non-Governmental Recipients. Information on these provisions can be accessed through the USAID external website at www.info.usaid.gov "Business & Procurement" section.

The value of any individual grant to any organization/project’s beneficiary shall not exceed \$100,000, and it should be fully disbursed within one year of grant award.

The Project envisions the following three major grant components, as they correspond to the core objectives of the USAID Agribusiness Project to increase both the efficiency and competitiveness of Serbian agribusinesses::

1. Investment Incentive Grants
2. Capacity Building Grants for Producer Organizations and ABDS Providers
3. Youth Grants

The purpose of this updated version of the Grants Manual is to provide specific implementation guidance for the Grants Program, effective October 1, 2009, i.e. the awarding, administering and monitoring grants, so as to ensure that the Grants Program is managed in a consistent and efficient manner, programmatic impact is maximized and objectives are achieved.

The policies and procedures contained in this Manual may be subject to change, with approval of USAID. Any questions regarding the grant policies and procedures should be directed to the USAID Agribusiness Project Grants Manager.

2.2 Grants Program Components

2.2.1 Investment Incentive Grants

Investment Incentive Grants are designed to increase the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in high-potential sectors by leveraging private investment in infrastructure, technology, value-added processing, and marketing by producer organizations, agribusiness firms, and ABDS providers in selected sectors.

Investment Incentive Grants would normally complement technical assistance and education, and may include such things as machinery and equipment, construction and/or rehabilitation of packing plants and cold storage units, irrigation systems, greenhouse technology, marketing material, information/communications technology (ICT), or other items or services that have the ability to significantly advance a sector, sub-sector, or enterprise cluster from one stage of competitive development to another. Investment Incentive Grants shall target producer organizations, ABDS providers and private enterprises; and shall not favor one producer or business interest over another.

Pursuant to the recommendations provided by Mr. Gary Kilmer, Principal Development Specialist of DAI, pertaining to the original voucher grant award category within the Investment Incentive Grant component, USAID Agribusiness Project has decided to change its approach, and to strengthen the ABDS delivery within the grant components described herein. Such an approach will be both more cost effective and more appropriate than implementing a stand-alone “voucher”

program, which in its traditional form is more appropriate for providing standardized, low-cost services to a large number of micro and very small businesses.

2.2.2 Capacity Building Grants for Producer Organizations and ABDS Providers

Capacity Building Grants for Producer Organizations and ABDS Providers are designed to support non-profit and for-profit non-governmental producer organizations and ABDS providers as they improve their management and operational capacity. As for the specific activities, these grants will be used to support the creation and capacity building of targeted food industry associations and producer organizations to provide general benefit services. These associations and organizations can be at the national level or regional level, depending on the concentration of the industry in the region and the activities performed by the association. The grants will target the associations in the project's selected agriculture sub-sectors where there is strong commitment from private sector stakeholders.

The grants will not cover any operating expenses for established associations, but will focus on building the capacity of the associations to carry out their functions, e.g. agriculture extension services, business advisory, financial management consulting, joint sales, etc.

However, for brand-new associations, the grants could cover up to one year of operating funding (essentially during the pilot phase), while they are getting established and building up their track record, with a strong commitment from the association members to cover the expenses in the period after the first year, e.g. over the course of a five-year operational plan, as accepted by all of an association's members or similar.

These funds will also be used to support food industry associations and local firms to participate in national and regional agricultural trade shows and fairs, as well as study tours. The funds will be used to cover the costs of preparatory training programs for participants, as well as preparation of marketing materials, business-to-business meetings around the fairs, etc. These funds shall not be used to cover lodging, travel or per-diem expenses for trade fair participants; however, the funds may be used to cover up to 70% of such costs for study tours.

USAID Agribusiness Project will utilize these grant funds to assist ABDS providers to strengthen their operations and promote the establishment of new ABDS firms to provide in-demand services to firms along the value chain. USAID Agribusiness Project will focus on four primary areas of service delivery: technical services, including helping firms to adopt new technologies and practices to promote increased productivity and efficiency; management services to assist firms to develop business and operational plans, strategies, and new ways of working; financial services to train firms in accessing credits and managing their financial accounting systems; and marketing services to support firms in identifying and capitalizing on new market opportunities both at home and abroad and to finalize new sales.

2.2.3 Youth Enterprise Grants Program

Youth Enterprise Grants Program This special grant category is designed to encourage and promote youth entrepreneurship by supporting youth enterprise clubs, and by using informal education approaches to provide practical skill training in agribusiness development and management. The program is intended to introduce young people (general age range is between the ages of 15-24) to agribusiness technical, financial, and business management principles.

Youth Enterprise Grants are made on a competitive basis. The idea is to invite youth through a public Request for Application (RFA) to submit original business ideas and creative business solutions in the form of an abbreviated business concept paper (the USAID Agribusiness Project shall provide the application form) in a first phase competition.

Initial concept applications shall be subject to a panel review, which includes the USAID Agribusiness Project staff, as well as interested public, private and financial sector stakeholders and youth organizations, as an option. The most promising applications will be selected to receive individual technical assistance and mentoring to develop detailed business and investment plans.

These detailed plans will be submitted for final review at the panel, which will include USAID, in addition to the initial panel members. The winners of the competition will be rewarded with business startup grants.

Grants may not be disbursed until the business is registered, and may not exceed \$15,000. However, grants in this category may finance up to 100% of the total required investment.

The USAID Agribusiness Project will explore opportunities for leveraging Youth Enterprise Grant funds with the funds provided by Serbia National Employment Agency, National Investment Plan, etc. Whenever possible, USAID Agribusiness Project will award youth enterprise grants so as to contribute to the competitiveness of the selected sectors.

Technical Assistance in this area shall include, but not be limited to, the following:

- Developing and implementing a youth agribusiness enterprise program, with participation and support from the agribusiness community;
- Developing a complementary youth agribusiness plan competition by detailing procedures and criteria to be used in evaluating applications and making awards;
- Receiving and evaluating initial concept applications; selecting applicants to receive follow-on assistance; and providing advice and mentoring to selected applicants to finalize business plans;
- Evaluating, selecting, and mentoring youth grantees in business startups; and
- Exploring opportunities for other complementary activities, such as networking, international exchange, business sponsorship and scholarships.

The Youth Enterprise Grants Program will be managed by the USAID Agribusiness Project Youth/Gender Director.

2.3 Grant Terms

This section should define any particular grant terms as they pertain to the project. The following language may be used if relevant, or revised as necessary to fit project objectives.

USAID Agribusiness Project may not award any grant that exceeds 100,000 USD or for a period that extends beyond the estimated completion date of the USAID Agribusiness Project. The terms of all grants shall allow for an orderly close-out prior to the expiration date of the Contract.

Grant recipients will be local (Serbian), Non-U.S., Non-Governmental organizations, both for-profit and non-for-profit, e.g. producer organizations (farmer cooperatives and associations), business associations, professional organizations, research institutions, educational facility, agribusiness

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enterprises and individual firms engaged in agricultural input supply, processing, service provision, marketing, storage, branding, transport, etc. whose proposed activities meet the USAID Agribusiness Project’s eligibility and evaluation criteria, as well as contribute to project results.

Grant recipients must be registered under Serbian law, and their organizational goals and objectives should be consistent with the objectives of USAID Agribusiness Project. However, certain capacity building grants for informal producer organizations aimed at improving their organizational and management capacity towards formal registration may be considered on an exceptional basis.

The following specific eligibility criteria shall apply to all potential grantees, with the exception of the youth enterprises:

- A sub-sector value chain actor(s) registered under Serbian law, and
- Demonstrated experience or capacity in the market-linkage capacity building or related activities or show evidence of institutional capability in the above area, and/or
- Ability to obtain the necessary management competence in planning and carrying out assistance program, and/or
- Be an organization capable of practicing cost sharing (matching) principle in cash or in-kind.

Single agriculture producers, i.e. small farmers, individuals, political organizations, foreign-owned and government institutions, and religious groups, are not eligible for grants under the USAID Agribusiness Project without prior approval of USAID. Also ineligible are private agribusinesses and Non-Governmental organizations whose objectives are not consistent with the objectives of USAID Agribusiness Project, which must recommend the grant for approval.

All interest and other refunds by award recipients hereunder will be made to a special, non-commingled, interest-bearing account established by DAI (the “Separate Account”). DAI has no beneficial interest in any funds in the Separate Account. Funds in the Separate Account shall be paid annually to USAID, as directed by the CTO. At the conclusion of the Contract, any funds remaining in the Separate Account shall be returned to USAID and any interest shall be refunded to the U.S. Government.

Grants will be structured, timely, quantified, and, whenever possible, used in combination with, for leverage, other financial resources, including cost-sharing with grantee funds and in-kind contributions. Additionally, grants:

- May be awarded for variable amounts but not to exceed \$100,000, and for variable periods not to exceed one year for small grants (otherwise, full justification is needed if extended beyond 12 months), or the task order completion date for standard grants;
- May come under one or multiple categories of assistance;
- May cover all or only a portion of specific activities or costs; and
- May be used to cover direct project costs, such as honoraria, consulting fees, stipends, local travel and per diem, data collection, analysis, communication and document preparation, workshops, conference and training participation, equipment, and other costs as may be approved; salaries, however, shall be provided only to those individuals directly involved in the research, study or other activity as approved by USAID.

Cost-sharing or matching refers to that portion of project or program costs not borne by USAID Agribusiness Project. All contributions, including cash and in-kind contributions, are accepted as

part of the recipient's cost-sharing or matching when they meet the criteria established in the standard provision governing recipient contributions. Grant cost-sharing must be in conformance with applicable USAID guidance: specifically, the Required as Applicable Standard Provision entitled "Cost Sharing." It is USAID's policy not to apply its source, origin, and nationality requirements or the "restricted goods" provision established in the Standard Provision entitled "USAID Eligibility Rules for Goods and Services" on cost-sharing amounts. In accordance with 22 CFR 226.24, program income may be used to finance the required cost-share portion of the grant award.

It is usually expected that the grantee will make some contribution to the activity for which it is seeking funding. This can be either in-kind (such as labor and materials) or cash. The purpose of the matching requirement is to leverage additional resources toward achieving the program's objectives and to give the grantee a stake in the outcome of the activity.

For the USAID Agribusiness Project, matching contributions in cash or in-kind from non-USAID sources should be represent a minimum of 30 percent of the total value of the activity being supported by the grant. For Youth Enterprise Grants, however, grants may finance up to 100% of the total required investment. The same applies to grants aimed at enhancing the delivery of public goods (e.g., certain Capacity Building Grants for Producer Organizations and ABDS Providers).

Where possible, USAID Agribusiness Project will assist the grantee to identify and facilitate cost sharing mechanisms. USAID Agribusiness Project will provide an accounting of the final value of the project and the percentage of overall project costs represented by grantee (or beneficiary) cash, labor, materials, equipment or support services, which will be included in the grant file. In cases where the Grantee (such as a local NGO) is implementing a project on behalf of the direct beneficiaries, then the Grantee, with USAID Agribusiness Project assistance, should help the beneficiaries in identifying appropriate and reasonable cost sharing mechanisms. Further guidance on Cost Sharing can be found in ADS 303.3.10 (for information related to meeting cost sharing requirements, see ADS 303.3.10.4).

All grants awarded under the USAID Agribusiness Project's grant program shall include the following standard clause:

The Contractor/Recipient is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the contractor/recipient to ensure compliance with these Executive Orders and laws. This provision must be included in all sub-contracts/sub-awards issued under this subcontract/agreement.

All grantees will be required to sign the following certificates attached as Annexes H, I, J and K:

- Certification Regarding Anti-Terrorism Financing
- Certification Regarding Debarment, Suspension and Other Responsibility Matters
- Certification Regarding Drug-Free Workplace Requirements
- Anti-Trafficking Activities

Support of international travel or the purchase of equipment having a useful life over one year and an acquisition cost of \$5,000 or more may be authorized as allowed by the applicable grant type and its applicable Standard Provisions.

All grants must be fully consistent with the USAID Agribusiness Project’s strategies and priorities. The USAID Agribusiness Project ensures adequate coordination with implementing partners and other donor-funded interventions to avoid duplication of effort.

2.4 Types of Grants and Applicable Conditions

There are six basic grant types: Simplified Grant, Fixed Obligation Grants (FOG), Standard Grant, In-Kind Grant, Grant to PIOs, and Limited Scope Grant Agreement (LSGA). The following three types of grants cut across recipient categories: Simplified, FOG and In-Kind. The descriptions in the sections below are aimed at helping project management determine which format, given its associated requirements and parameters, is appropriate and practical for each grant activity.

The requirements for this type of award are contained in several applicable federal regulations and USAID administrative standards. These regulations include:

- Mandatory Standard Provisions for Non-U.S., Nongovernmental Recipients and Required as Applicable Standard Provisions for Non-U.S., Nongovernmental Recipients, <http://www.usaid.gov/policy/ads/300/303mab.pdf>
- ADS 303, <http://www.usaid.gov/policy/ads/300/303.pdf>;
- OMB Circular 122 “Cost Principles for Non-Profit Organizations,” <http://www.whitehouse.gov/omb/circulars/a122/a122.html>;
- 22 CFR Part 226, in particular 226.20 through 226.28, <http://www.usaid.gov/policy/ads/cfr.html#22>;
- 22 CFR Part 226, on Source, Origin and Nationality, and
- Section 579 Reporting on Payment of Foreign Taxes, <http://www.usaid.gov/policy/ads/300/updates/iu3-0314.pdf>.
- FAR 31 Contract Cost Principles and Procedures

2.4.1 Simplified Grants

A. Overview

The simplified format is used only when the grant meets the following conditions (per ADS 303.3.24):

1. The total value of the grant does not exceed \$100,000 for U.S. organizations and \$250,000 for non-U.S. organizations;
2. All costs to be charged to the grant are identified in the grant text and do not include international airfare or indirect costs;
3. Any goods to be purchased by the grantee meet the rules governing local cost financing and geographic code and do not include ineligible or restricted goods, and no single item having a useful life of over one year and an acquisition cost of \$5,000 or more shall be purchased;
4. The grant includes language requiring the grantee to allow Contractor access to its records for up to three years, and that the grantee will refund to the Contractor any funds it received for any costs that did not meet the terms and conditions of the grant;
5. Sub agreements, if any, must meet the same conditions listed here for simplified format grants;
6. The grantee is required to sign the applicable certifications listed in ADS 303.3.8;

7. The recipient shall receive payments on a reimbursement basis (i.e., no advances are allowed); the grantee must also demonstrate adequate financial management capacity to be able to separately track all costs associated with the grant since the grant is cost reimbursable upon presentation of receipts;
8. No indirect costs are allowed.

In exceptional cases, the USAID Agribusiness Project may modify the format for simplified grants for non-U.S. organizations to include support of international travel (#2) or the purchase of equipment (#3), as long as the applicable standard provisions for those types of activities are attached to the grant award. An additional requirement for inclusion of international travel in the grant agreement is that it may only be included after prior consultation with the USAID Contracting Officer.

B. Disbursement

Simplified grants are cost reimbursable agreements whereby USAID Agribusiness Project will reimburse the grantee for costs. Because these are reimbursement agreements, the grantee will not receive payment until after presenting receipts showing actual costs. USAID Agribusiness Project will structure the payments so that there is no possibility of the grantee's expending less than the amount received. Grantees may not receive more than 90% of the total budget amount prior to submission of the final program report, final financial report, and any required certifications. Upon submission of these documents, USAID Agribusiness Project will issue the final payment.

2.4.2 Fixed Obligation Grant

A. Overview

If appropriate, the USAID Agribusiness Project has the option of utilizing the fixed obligation grant format. This format allows for the award of a grant for very specific program elements without the requirement of the USAID Agribusiness Project monitoring of the actual costs subsequently incurred. It is intended to support specific projects where costs are certain, and where the accomplishment of grant "milestones" is readily discernible.

A discussion by the Grants Manager of the appropriateness of this type of grant and appropriate project milestones must be included in the documentation of the grant negotiations. Partial payments may be made upon demonstration of achieved results, and payment amounts should reflect the relative value of the benchmarks achieved. Payment is always made on a reimbursement basis, and upon completion of a milestone i.e., no advances are allowed.

B. Fixed Obligation Format Requirements

The Grants Manager must ensure the appropriateness of issuing a fixed obligation grant based on the following factors:

1. The grant meets the applicable conditions of the Simplified Grants listed under C.1.1 above;
2. Programmatic accomplishments or results are easily identified and quantified, and are established in grant milestones;
3. There is very limited risk that the project will undergo significant changes;
4. There is adequate cost information (historical or unit pricing) available to determine and negotiate the fixed price of the grant;

5. Negotiations ensure to the extent possible that the funds budgeted will be the actual cost of the effort and that no funds will remain upon completion of the project;
6. USAID Agribusiness Project must be satisfied that this type of grant fits within the objectives of the project, and USAID Agribusiness Project will not use it as an alternative way of awarding to a High Risk Grantee. The Grants Manager or his designee must include a discussion of the appropriateness of this type of grant in the Memorandum of Negotiation;
7. Grantees will be informed, through a clause in the grant format, of the right of USAID Agribusiness Project to terminate the grant in whole or in part, or suspend payments, should the grantee become insolvent during performance of the award;
8. At the end of the grant, grantees must certify in writing to USAID Agribusiness Project that the activity was completed. If the grantee cannot certify completion, or if USAID Agribusiness Project determines that the activity was not completed, it is expected to make appropriate refunds; and
9. While the grant is fixed price, the grantee must demonstrate adequate financial management capacity to be able to separately track all costs associated with the grant since the grant becomes directly reimbursable, if at any point the milestones are not fully completed.

C. Fixed Obligation Grant Implementation Plan

Once use of the fixed obligation grant format has been approved, a detailed implementation plan will be developed by the grantee, in collaboration with the USAID Agribusiness Project's grants or technical personnel, in order to finalize the milestones and budget. The implementation plan will include:

1. Result or results to be achieved (measurable goals);
2. Responsibilities and contributions of each party to the grant;
3. Well-defined milestones and verification requirements for each achieved milestones (including analyzed costs);
4. Type of payment mechanism (in-kind or reimbursement payment to grantee) and payment amounts per milestone; and
5. Timelines for achievement of results and deliverables.

D. Disbursement

All disbursements under Fixed Obligation Grants will be made upon the submission of evidence that a milestone has been achieved. Such evidence may come in many forms, including a work-plan, a technical report, a financial report, meeting notes, the arrangement of specified logistics, the finalization of a list of training participants, the completion of a phase of an infrastructure project, etc. The following is an example of how a disbursement schedule might be structured under a Fixed Obligation Grant:

Example: Community Awareness Campaign

Activity Goal: Building community awareness of proper ways to identify and mitigate the spread of zoonotic disease

Budget: \$7,500 USD

Milestone	Description	Disbursement
1	Work-plan drafted and approved	\$2,500
2	Packet of zoonotic disease awareness materials created for distribution to each household	\$1,500
3	Information packets printed and distributed	\$1,500
4	Community Round-tables held to discuss information and answer questions (four)	\$2,000 (\$500 per event)
		\$7,500

Discerning the milestones in FOGs is very important. While achievement of a milestone is necessary to trigger a disbursement, it is not necessary to make a disbursement for every milestone.

2.4.3 Blended In-Kind and Simplified Grants

In some circumstances, such as the Youth Grants, the USAID Agribusiness Project may elect to use an In-Kind disbursement. Goods and services will be purchased directly by USAID Agribusiness Project while working closely with the grantee and then delivered to the grantee or the grant activity. Procurement will be done in accordance with DAI’s procurement regulations; purchase contracts with vendors will be co-signed by the grantees and USAID Agribusiness Project.

Such an approach can also be used when the Simplified Grant format is the most appropriate format overall, but the purchase of a single costly item inhibits the use of a Simplified Grant due to the fact that the grantee does not possess the cash on hand to make such a purchase. In this circumstance, USAID Agribusiness Project will proceed with the Simplified Grant while including a single In-Kind transfer under the auspices of the original grant. If the grantee receives such an In-kind transfer, the Standard Provision on Title to and Use of Property referred to above must be followed.

This type of grant will be appropriate when the grant includes an expensive piece of equipment or machinery. In the case that the grantee does not have sufficient capital to make this purchase and wait for reimbursement, USAID Agribusiness Project may choose to use an In-Kind disbursement for that particular item, while the grantee continues to seek reimbursement for other, smaller expenses under the same grant. In most cases, this mechanism may be used for Investment Incentive Grants that involve, Youth Enterprise Grants, given that these grantees are not likely to have large amounts of available capital.

2.5 Minimum Eligibility Criteria

Grants may be awarded on both a solicited and unsolicited basis. In order to meet minimum eligibility criteria for grant competition, proposals must:

1. Meet at least one of the USAID Agribusiness Project objectives and principles noted above, under the General Description of Project and the project-level indicators provided in the Performance Monitoring Plan;
2. Contain expected outcomes and results consistent with and linked to USAID Agribusiness Project’s objectives;
3. Be submitted by a Serbian organization (either for-profit or non-profit and registered under Serbian law); and

4. Contain evidence of a significant cost share commitment in most, but not all cases.

USAID Agribusiness Project staff (Grants Manager, Grant Advisor¹ and Finance Director) will screen all concept papers and applications to ensure compliance with all eligibility requirements prior to forwarding the materials as necessary.

2.6 Competition

The competition requirement is met when an announcement has been published according to the procedures outlined in this manual. Recommendations for awards are made following an impartial review and evaluation of all applications (See Section 3.4).

It is USAID Agribusiness Project’s policy to ensure maximum competition by seeking applications from all eligible and qualified entities. Establishing a two- or more tiered level of competition (i.e., prequalification round) is in keeping with this policy, as long as applications are reviewed in a fair manner at each level. Competition may also be limited to local or regional organizations for appropriate projects.

Exceptions to Competition. Competition is not required for the following categories of assistance awards, pending USAID authorization:

- **Amendments and follow-ons.** Amendments to existing awards or follow-on awards, either for the same activity or to further develop an existing assistance relationship, for amounts equal to or less than the original grant.
- **Unsolicited applications.** The application must be submitted solely on the applicant's initiative without any prior formal or informal solicitation. Awards may be made where the application clearly demonstrates a unique, innovative, or proprietary capability; represents appropriate use of project funds to support or stimulate a public purpose; and fits within an existing USAID Agribusiness Project strategic objective as determined by the Grants Manager along with the COP. The burden of proof that the application is indeed “unsolicited” (i.e., is submitted without prior formal or informal solicitation) rests with DAI and must be documented.
- **Exclusive or Predominant Capability.** Assistance awards for which one recipient is considered to have exclusive or predominant capability based on proprietary capability, specialized facilities, or technical expertise, or based on an existing unique relationship with the cooperating country or beneficiaries.
- **Small Awards.** Awards with an estimated total amount of \$100,000 or less and with a term of no more than one year. The award cannot be amended to add funds in excess of \$100,000 or extended beyond one year. The grant file must justify how the award merits an exception.
- **Critical Objectives of the Program.** When circumstances are determined to be critical to the objectives of the USAID Agribusiness Project, or when the non-provision of a specific grant would impede the achievement of the USAID Agribusiness Project’s

¹ Technical Specialists and/or Sector Leads

results and/or the fulfillment of U.S. foreign assistance objectives, USAID may formally waive competition requirements.

- **Local Competition.** Competition may be limited to local or regional (indigenous) organizations. If a competition is limited to local or regional organizations, U.S. organizations may not compete for an award unless the program is re-advertised to provide all U.S. organizations with a fair opportunity to compete for award.

In accordance with ADS 303.3.6.5, noncompetitive awards must be justified in writing, to the satisfaction of the USAID Agreement Officer. Pursuant to the Grant Terms (Section 2.3), all grant awards within the USAID Agribusiness Project may be considered Small Awards.

3. GRANT PROPOSAL FORMATS, SOLICITATION AND REVIEW PROCEDURES

3.1 Categories of Applications and Review Procedures

Applications for grants will fall into one of three categories:

1. Applications solicited through public notification (see 3.1.1) for a specified program or support activity;
2. Applications solicited directly (see 3.1.2) from selected potential grantees (NGOs, PIOs, etc.) for a specific activity; and
3. Unsolicited applications (see 3.1.3).

All grants will require an application and will undergo a review and approval process. All grant applications, whether funded or rejected, shall be retained on file.

Review procedures may vary slightly among the three categories of grant applications. Additionally, all information received from applicants shall be considered proprietary and held in strict confidence by those individuals who review it, in order to protect the integrity and privacy rights of the grant applicant.

The members of any review panels, as well as any staff involved in the review/approval, shall not have any conflicts of interest or the appearance of such with regard to the organizations whose applications they will be reviewing. An individual shall be considered to have the appearance of a conflict of interest if that person—or that person's spouse, partner, child, close friend or relative—works for, is negotiating to work for, or has a financial interest (including being an unpaid member of a Board of Directors) in any organization that submitted an application under the review panel's review, or, contributed on any level to any component that resulted in a grant award. In such cases, the panel should carefully review the situation, consult USAID's regional Contracting Officer and legal advisor, and in coordination with USAID Cognizant Technical Officer, determine the appropriate action required to avoid or mitigate such conflict and ensure impartiality in the award of grants under the program. Members of the review panel should neither solicit nor accept gratuities, favors, or any other types of gift from parties to sub-agreements.

3.1.1 Public Requests for Applications

The USAID Agribusiness Project will publish an RFA for certain types of grants. Specific evaluation criteria and a methodology will be established as part of the RFAs, and the following procedures will be followed:

- a. RFA Preparation. The RFA document will be prepared and approved by the Grants Manager or his designee in coordination with the COP or Deputy COP and the DAI Contracts Office (see Section 3.2 for additional information on the contents of the RFA). This will include Evaluation Criteria.
- b. Public Notice. A notice will be made in at least three newspapers with widespread distribution, in relevant local newspapers as well as in electronic media.
- c. RFA Distribution. The RFA will be distributed to all organizations that request it. Applications will be due according to the due date(s) listed in the RFA with the possibility of any extension published in the same newspaper(s) as the RFA.
- d. Proposal Development. Applicants will develop their proposals. For two-stage applications, after the Concept Paper Review Panels recommend projects for full proposal development, a Grant Advisor and the Grants Manager will work with selected potential grantees to develop their proposals. At this time, respective USAID Agribusiness Project staff will also conduct a pre-award assessment.
- e. Clarifications. As necessary, USAID Agribusiness Project will provide written answers to written questions from applicants during the proposal process. During evaluation, the Grants Manager or his designee will make any requests for clarifications and/or additional information from applicants needed for the review panel to evaluate and make recommendations. It is expected that the time frame for clarifications during the proposal process and the evaluation process will be less than one week.
- f. Grants Review Committee Final Recommendation and Final Concurrence. The Review Committee will evaluate the proposal submissions and make a recommendation to fund, not fund, or take any other action. The negotiation and award procedure is located in Sections 3.5 and 4 of this Manual. Upon receipt of the necessary concurrence, the Grants Manager may negotiate and process the grant agreement(s).

3.1.2 Direct Solicitations for a Specific Activity

The USAID Agribusiness Project staff may solicit applications for grants for a specific activity that supports the project's technical assistance and/or training activities as described herein. The USAID Agribusiness Project staff, in consultation with the Grants Manager and COP or his designee, will proceed in identifying candidates and selecting grant activities in accordance with the following procedures:

- a. Activity Identification. Identify a specific activity that supports project technical assistance, training, and/or any other activity that can be assisted by grant funding under the terms provided in this manual, and provide a list of potential grantees with the capacity to carry out the identified program.
- b. Definition of Objectives. Define a set of objectives for the activity and submit the requirements and supporting documentation to the Grants Manager for preparation of the corresponding RFA.

- c. *Grants Review Committee.* The Review Committee will evaluate applications based on the criteria established and will prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.
- d. *Final Concurrence.* Upon receipt of the necessary concurrence, the Grants Manager may negotiate and complete the grant agreement(s). The negotiation and award procedure is located in Sections 3.5 and 4 of this Manual.

As necessary, USAID Agribusiness Project will ensure USAID Cognizant Technical Officer participation in all stages of the process.

3.1.3 Unsolicited Applications

Unsolicited applications for grants to do activities that support the broad objectives of the project will be reviewed on an ongoing basis. The USAID Agribusiness Project staff, in consultation with the COP or Deputy COP, will proceed to screen application(s) and recommend grantees for concurrence in accordance with the following procedure:

- a. *Application Screening.* Staff will screen applications based on the minimum eligibility requirements and forward eligible grant applications to the Grants Manager.
- b. *Grants Committee.* An internal project committee will evaluate applications based on the objectives of the project and prepare a written record of the results. The record will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.
- c. *Final Concurrence.* Upon receipt of the necessary concurrence, including USAID CTO's concurrence, the Grants Manager may negotiate and complete the grant agreement(s). The negotiation and award procedure is located in Section 3.5 and 4 of this Manual.

3.2 Request for Applications (RFA) and/or Annual Program Statement (APS) Requirements

The Contracts Office can provide a template for developing an RFA and should be consulted if additional questions arise. At a minimum, all RFAs shall contain (see ADS 303.3.5.3 for more details):

1. A general description of the proposed program with an indication of the range of activities that might be involved, and the established goals of the activity, if any, which the applicant is expected to meet. The level of detail in the program description will depend on the requirements of the strategic objective.
2. How the award will be administered. For non-U.S. organizations, the RFA must state the Standard Provisions for Non-U.S. Nongovernmental Recipients will apply. For U.S. organizations, the RFA must state that 22 CFR 226, OMB Circulars, and the Standard Provisions for U.S. Nongovernmental Recipients will be applicable. Instead of attaching complete copies of 22 CFR 226 and the OMB Circulars to the RFA, the RFA directs applicants to the source where they may obtain copies (for example, indicate the name of the person they may contact, or the USAID homepage address on the Internet, or other Internet addresses).

3. An estimate of funds available for the RFA/APS and number of awards anticipated, including a statement to the effect that DAI reserves the right to fund any or none of the applications submitted.
4. Expected duration of DAI support or the period of performance.
5. Minimum eligibility requirements.
6. Qualification requirements, i.e., clear identification of types of entities that may apply.
7. Point of contact, including name, title, address, e-mail address, and phone and fax numbers, where a potential applicant can get any materials they may need to apply or state that the RFA contains everything a potential applicant needs to apply.
8. Required certifications.
9. Required format for the application.
10. Deadline for submission of application, how it is determined that the application is received in time, and the consequences of late submission.
11. Any funding restrictions (such as limitations on direct costs or no indirect costs, etc.) and whether the award will or will not allow the reimbursement of pre-award costs.
12. The selection criteria used to evaluate applications, including an indication of their relative importance.
13. The required cost-sharing element and, if used as part of the review process (i.e., more than just an eligibility factor) an explanation of how evaluated (should be a sub-element of cost effectiveness).
14. Description of the review and selection process.
15. What a successful applicant can expect to receive following selection.
16. Requirements and expectations regarding reporting.
17. Information regarding points of contact for questions.
18. Statement to the effect that DAI/USAID reserves the right to fund any or none of the applications submitted.
19. Any other relevant information.

An APS must conform to requirements listed in ADS 303.3.5.4.

If USAID directs USAID Agribusiness Project to address environmental concerns in the activity, USAID Agribusiness Project must incorporate these and state any such requirements in the RFA or APS.

RFAs/APSs must be filed with related documents. Please see Section 5.11 “Grant Files and Closeout” and Annex G for a detailed description of the proper filing system.

3.3 Format for Grant Proposals

The format for proposals will vary in accordance with the technical specifications and kind or type of grant (see Annex O for a sample Grant Application). In general, the grant application should include background information, project description with clearly defined goals, objectives and results linked to project activities; beneficiaries; monitoring and evaluation plan and a follow-up; project workplan (including milestones for a FOG); project timeframe; list of team members and their resumes; projected grant budget and budget notes; proposed disbursement/reimbursement plan; statement of cost sharing (including a breakdown of the applicant’s contribution in money or in kind); as well as other attachments that could include registration documents, financial capability questionnaire, certificates, reference letters, etc. All grant applications must be provided in the English language.

If USAID Agribusiness Project decides to require cost sharing, it must state the requirements in the competitive announcement. Further information on including cost sharing in RFAs and APSs and on evaluating cost sharing can be found in ADS 303.3.10.3.

For all types of applications, USAID Agribusiness Project will provide more detailed instructions regarding proposal requirements.

3.3.1 Concept Papers

Prior to submitting a full grant application, the eligible applicants are advised to submit a concept paper (see Annex N).

Following USAID Agribusiness Project's receipt of a concept paper and based on the review committee output, a response will be sent to the applicant within 14 days. During this period an USAID Agribusiness Project Technical Advisor/Program Specialist will review the concept paper and gain the permission of the Chief of Party and the CTO to advise the applicant on how to develop a full grant application.

If the response requests a full grant application, the applicant will be required to work closely with USAID Agribusiness Project Technical Advisor/Program Specialist and the Grants Manager to prepare and submit a formal grant application. USAID Agribusiness Project staff involved in this process should follow the USAID and Federal regulations dealing with the grant award finance and administration issues, i.e. determination should be made at early stage whether potential project costs are reasonable, allocable and allowable.²

The precise format for submission of a grant application depends on the type of grant; the applicant will be advised about this issue accordingly.

The applicants must be aware that requests to submit a grant application following the review of a concept paper is not necessarily an indication of the likelihood of an actual grant award.

3.4 Selection Criteria

Grant applications that meet minimum eligibility criteria (see Section 2.5) will be reviewed and awarded based on selection criteria, which could include but should not be limited to:

1. Demonstrated capacity of the organization, including sound financial practice, in areas pertaining to the proposed activity;
2. Responsiveness to need;
3. Potential for impact;
4. Demonstrated likelihood of proposed activity to further project objectives; and
5. Appropriateness and feasibility of project activities within the proposed timeframe and budget.

The competency, suitability, and capability of eligible applications will be evaluated based on the established criteria. The evaluation may entail interviews, site visits, background research, and/or solicitation of additional information. The Grants Manager or his designee will prepare a written record of the results of the evaluation in the form of a Grant Evaluation Committee Record (see

² Further guidelines are provided in the Grants Manual under Section 6. Grantee Procurement Procedures.

Annex P). The written record will account for how the application was evaluated in terms of the selection criteria and will contain a recommendation with a justification for the final decision to fund, not fund, or take any other action.

3.4.1 Grants Review Committee

Grants will be awarded by the USAID Agribusiness Project Grants Review Committee (herein and after the Committee). The Committee members will consist of a USAID Cognizant Technical Officer designated for this activity, the Chief of Party, the Operation Director and/or the Deputy Chief of Party, the Grants Manager (a non-voting member), Environmental Specialist, Finance Director and at least one of the USAID Agribusiness Project's Technical Advisors/Specialists, preferably one who is involved in the sub-sector assisted by a reviewed grant. Delegation of this authority to other persons not officially occupying these positions is not permitted. USAID must provide a 'no objection' to each grant.

A quorum of the Committee will consist of at least two USAID Agribusiness Project senior staff (one of which must be either the Chief of Party or the Deputy Chief of Party) and the USAID Representative. Decisions of the Committee will be made by majority vote of the members participating in a meeting. The USAID CTO has no vote, but does have veto power over Committee decisions.

The Grants Manager's responsibility is to provide all needed background information and written instructions, including the evaluation criteria, to the individuals participating in the Committee. The Grants Manager must also ensure that all of the rules and regulations in this Manual are carried out in all phases of the grant award process. The Grants Manager and/or a Technical Advisor/Specialist must also respond to any requests made by the Committee for additional information, further studies, etc.

The Committee shall do one of the following:

- a) Review and approve the grant proposal
- b) Review and ask that changes and amendments to be made
- c) Reject the grant proposal in whole after reviewing

In the cases of a) and b) and after all necessary changes and amendments are completed, Grants Manager will resubmit the grant proposal to the Chief of Party for approval. Once the grant proposal is approved, Grants Manager generates an appropriate grant agreement (see Annexes 1 and 2) to be reviewed and signed by the Chief of Party.

By signing the grant agreement, the Chief of Party shall confirm:

- That all budgeted costs have been verified as allowable, allocable and reasonable.
- That the implementation plan and detailed benchmarks and disbursement schedule are complete, realistic and accurate.

The Chief of Party is authorized to approve and sign the grant awards under \$100,000 (the USAID Agribusiness Project's share).

The format of the grant agreement must conform to the grant format appropriate to the nature of the grant and kind of grantee receiving the grant. It must be clearly indicated whether the grant is one of the following: Fixed Obligation Grant or Simplified Grant Format.

Signed Grant Agreement is entered into the database.

3.5 Negotiation

3.5.1 Cost Analysis

Each cost element of the program description shall be reviewed by the Grants Finance Officer for reasonableness, allocability, and allowability in accordance with the applicable cost principles for U.S. Federal government grants. The extent of the cost analysis will vary among grant types and should be determined by the Grants Finance Officer, in consultation with the Grants Manager if necessary, on the basis of the nature of the program, past experience with the applicant, and the amount and type of costs involved.

Specifically, the cost analysis will assist in determining:

- a) The extent of the prospective grantee's understanding of the financial aspects of the program and the grantee's ability to perform the grant activities with the funds requested;
- b) The extent to which the applicant's plans will accomplish the program objectives with reasonable economy and efficiency; and
- c) The special conditions, if any, relating to costs that are placed in the award.

If necessary, USAID Agribusiness Project will negotiate the budget to ensure that costs are realistic and reasonable. The negotiation process must be documented, along with other pre-award determinations in a Memorandum of Negotiation. The Memorandum of Negotiation must include the cost analysis and provide any other relevant details on points negotiated (please see Annex B for a sample Memorandum of Negotiation). Note: If the grant is a FOG, the Grants Manager or his designee must include a discussion of the appropriateness of this type of grant in the Memorandum of Negotiation and/or Grant Review Committee Record.

If program income is anticipated during the award period, the purpose, procedures and use of this income by the grantee or donation by the grantee to another organization must be specifically stated in the award. The definition of program income is found at 22 CFR 226.2 [<http://www.access.gpo.gov/nara/cfr/>]; suggestions on how to direct the use of program income are

found at 22 CFR 226.24 and program income may be used to finance the grantees' cost-share of the grant award.

In cases where DAI awards a grant to for-profit entities, DAI will avoid the direct receipt or deposit of grantee program income to a DAI-controlled bank account under the grants program. If award of a grant to a for-profit entity becomes necessary, the advice and guidance of the DAI/Bethesda Contracts Office shall be sought; also, prior USAID CTO approval will be obtained before opening discussions with the prospective for-profit grantee(s).

3.5.2 Pre-Award Responsibility Determination

The recommendation or selection of an application in accordance with established procedures does not guarantee an award. All applicants must demonstrate that they possess, or have the ability to obtain, the necessary management competence to practice mutually agreed-upon methods of accountability for funds and other assets provided. While 22 CFR 226 does not cover awards to non-U.S. recipients, USAID Agribusiness Project shall rely on the standards established in that regulation in determining whether potential non-U.S. recipients are responsible. To assist in making this determination, USAID Agribusiness Project shall conduct a survey using a financial capability questionnaire, which would generally include a review of the applicant's recent audited financial statements, projected budget, cash flow, and organization chart, and applicable policies and procedures (e.g., accounting, purchasing, property management, personnel), if appropriate. The level of scrutiny and review required shall be proportional to the complexity of the grant program contemplated and the total amount of the grant.

In cases that require further information, USAID Agribusiness Project may also verify financial responsibility and institutional capability by inspections, letters from other donors, and/or on-site visits.

As mentioned, the cost analysis, pre-award determinations, and negotiation process must be documented in a Memorandum of Negotiation (please see Annex A for a sample Memorandum of Negotiation). The written determination of the applicant's responsibility should confirm that the applicant:

- Has adequate financial resources, or the ability to obtain such resources, as required during the performance of the award;
- Has the ability to meet the award conditions, taking into consideration all existing prospective recipient commitments, nongovernmental and governmental;
- Has a satisfactory record of performance. Generally, relevant unsatisfactory performance in the past is enough to justify a finding of non-responsibility, unless there is clear evidence of subsequent satisfactory performance, or the applicant has taken adequate corrective measures to assure that they will be able to perform satisfactorily;
- Has a satisfactory record of business integrity; and
- Is otherwise qualified to receive an award under applicable laws and regulations.

3.5.3 High Risk Organization

If USAID Agribusiness Project staff evaluates the financial capabilities of a grantee and determines that they are limited or deficient, they will classify them as high-risk organizations per ADS 303.5.9.2, which invokes the statutes of 22 CFR 226.14 to allow for closer monitoring requirements. Specific techniques to address this high risk include, but are not limited to: 1) Special award conditions, such as additional financial reporting detail or frequency; and 2) Providing technical assistance to the grantee. This option may be only used for such a period of time until the potential recipient can correct any institutional deficiencies, but not for the life of the award.

In determining if the prospective grant recipient has the management capacity to plan and carry out the assistance award, some or all of the following may be required, depending on the size and complexity of the grant and/or the previous experience of the prospective grantee. The aim is to get as much information as possible in making the responsibility determination. For further information regarding pre-award determination of responsibility see ADS 303.3.9

- ✓ a. completed financial capability questionnaire
- ✓ b. copy of most recent audit, if no recent audit, “Balance Sheet”, “Income Statement” for the most current and previous fiscal year
- ✓ c. incorporation papers or certificate of registration and statute
- ✓ d. summary of relevant past performance – including type of contract/grant, value, title, client (and contact information, if available)
- ✓ e. *if applicable* – NICRA, or if no NICRA, the profit and loss statements which include detail of the total costs of goods and services sold, by information of the applicant’s customary indirect cost allocation method, together with supporting computations of the basis for the indirect cost allocation method
- ✓ f. organizational chart, if available
- ✓ g. cash flow, description of management structure, and/or oversight procedures, if available
- ✓ h. copy of applicant’s accounting manual, if available
- ✓ i. copy of applicant’s operations manual, if available
- ✓ j. copy of purchasing policies and description of the applicant’s purchasing system (for large grantees), if available
- ✓ k. any other pertinent information regarding the applicant

3.5.4 Branding and Marking

The potential grantee will comply with the branding strategy and marking plan already negotiated with USAID for this activity, and incorporated into the task order, with assistance from USAID Agribusiness Project as necessary. It is a federal statutory and regulatory requirement that all USAID programs, projects, activities, public communications, and commodities that USAID partially or fully funds under a USAID grant or cooperative agreement or other assistance award or sub award, must be marked appropriately overseas with the USAID identity. See Section 641, Foreign Assistance Act of 1961, as amended, 22CFR 226.91. Under the regulation, USAID requires the submission of a Branding Strategy and Marking Plan, but only by the “apparent successful applicant,” as defined in the regulation. See ADS 303.3.6.3f for details on approval and exceptions.

The branding strategy should describe how the program, project, or activity is named and positioned; how it is promoted and communicated; and identifies all donors and explains how they will be acknowledged. The Marking Plan should detail the public communications, commodities, and program materials intended to visibly bear the USAID Identity. For additional assistance on writing Branding Strategies and Marking Plans, please see Annex C.

3.5.5 Debarment and Terrorist Financing Searches

To ensure that USAID Agribusiness Project does not award grants to applicants that have been debarred, suspended or proposed for debarment, apparently successful applicants will be checked against the US Government’s Excluded Parties List. As such, USAID Agribusiness Project staff will perform a search for the applicant’s name on the Excluded Parties List (<http://epls.arnet.gov>) and document the outcome.

Moreover, to prevent against providing support to entities determined to have committed or pose a significant risk of committing acts of terrorism that threaten U.S. interests, the USAID Agribusiness Project staff must compare each proposed grant action against specific databases. USAID Agribusiness Project must conduct searches on the following two databases:

1. Check the master list of Specially Designated Nationals and Blocked Persons, which is maintained by the US Treasury’s Office of Foreign Assets Control (OFAC) and is available at OFAC’s website: <http://www.treas.gov/offices/eotffc/ofac/sdn/t11sdn.pdf>
2. Verify that the individual or entity has not been designated by the United Nations Security (UNSC) sanctions committee established under UNSC Resolution 1267 (1999) (the “1267 Committee”) [individuals and entities linked to the Taliban, Usama bin Laden, or the Al Qaida Organization]. To determine whether there has been a published designation of an individual or entity by the 1267 Committee, the Recipient should refer to the consolidated list available online at the Committee’s website: <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>.

Supporting documents showing that these searches have been performed must be printed and filed. They should also be recorded on TAMIS and submitted to USAID as part of the concurrence request.

Executive Order No. 13224 also deems that the Prime Recipient (i.e., DAI) will consider all information about potential grantees of which it is aware and all public information that is reasonably available to it or of which it should be aware. Locally available information (newspapers, radio, television, etc.) may be used to ascertain whether an individual or organization

It is mandatory to have print-outs of the following debarment and terrorist financing searches in the file:

- ✓ US Government Excluded Parties List
- ✓ List of Specially Designated Nationals and Blocked Persons
- ✓ United Nations Security Committee (UNSC) list

is defined within the Executive Order parameters. In other words, DAI is not absolved of responsibility for providing support to an individual or organization just because he/she/it doesn’t appear on the database searches if the USAID Agribusiness Project staff members should have reasonably known that the person or company has committed or pose a significant risk of committing acts of terrorism that threaten U.S. interests.

3.5.6 Environmental Considerations

USAID Agribusiness Project will follow the provisions of the Initial Environmental Examination (IEE) ensuring that all requirements of the environmental regulations, as described in 22 CFR 216, are satisfied prior to a grant award.

USAID Agribusiness Project’s Environmental Specialist shall conduct environmental due diligence as specified in the IEE for all activities not categorically excluded, implement appropriate mitigating actions, and conduct adequate monitoring to ensure environmental concerns are addressed.

Specifically, the Environmental Specialist shall conduct environmental compliance, review, and due diligence for the competitive sub-grants program, and farmer and enterprise training on environmental issues. Areas of responsibility will include Environmental Due Diligence (EDD), Pollution Prevention Assessments (PPA) related to clean production, the preparation and implementation of a Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP), and certifications (HACCP, ISO, GAP, etc.).

4. GRANT AWARD

4.1 Award Elements

After financial management and responsibility requirements have been satisfied and final negotiations completed, the Grants Manager, with the assistance of requisite staff, will prepare a specific grant agreement for each grantee in accordance with the appropriate format for the type of grant agreement approved. All grant agreements must include a program description that identifies the goals and objectives of the grant project, the specific activities to be carried out, and the measurable results to be achieved.

At minimum, the components for the various types of grant agreements include:

- Signature Page
- Overview Page and Articles
- Annexes:
 1. Program Description
 2. Program Budget and Reimbursement/Disbursement Plan
 3. Request for Reimbursement Form and/or Grant Payment Request Form
 4. Reporting on Payment of Foreign Taxes
 5. Financial and Programmatic Report Formats
 6. Certification(s)
 7. Branding Strategy and Marking Plan
 8. Mandatory Standard Provisions and Required as Applicable Provisions

4.2 USAID Concurrence

The program description must have clearly established goals that are both realistic and measurable, and for which it will be held accountable. Depending on the USAID Mission, the final program description and final budget may be submitted to USAID as part of the request for concurrence.

USAID CTO shall be involved in the approval process from the very beginning, i.e. preliminary review of the Concept Papers through the final approval/rejection of every project.

Upon USAID (normally CTO) concurrence of the grant recipient, the grantee and DAI’s authorized representative (usually COP) sign the grant agreement, making it valid.

Only the COP has the authority delegated by DAI/Bethesda to sign contracts and grants. Any contract, grant agreement, or modification whose amount exceeds the authorized delegations of authority requires signature by DAI/Bethesda or an action-specific, ad hoc delegation of authority from DAI/Bethesda for signature in the field.

5. GRANT AWARD ADMINISTRATION

Award administration encompasses all dealings between DAI officials and the recipient from the time the award is made until the end of support. The specific nature and extent of administration will vary from award to award. It can range from reviewing and analyzing performance reports or performing site visits to more technically developed involvement for high-risk recipients.

Post-award orientation with the grantee and USAID Agribusiness Project technical staff is encouraged to clarify the roles and responsibilities of the Grant Advisors who will administer the award. The Grants Manager shall serve as the mandatory control point of record for all official communication dealing with grant administration.

The Operations Director shall provide for the continuing oversight by appropriate USAID Agribusiness Project staff (namely, the Finance Director) of the financial management aspects of the award through reviews of reports, correspondence, site visits, or other appropriate means. When deemed necessary, the Operations Director and/or Grants Manager may request or arrange for special audits of grantees. Within approximately one month of signing the grant award agreement, the Finance Director and relevant program officer will conduct a financial management training session with grant recipients.

Site visits are an important part of effective award management. Joint site visits by senior staff and program officers are encouraged, since they can provide an effective review of the project. A brief report highlighting the findings is recommended. A copy of each report should be placed in the official grant file.

Grants are subject to the provisions established and included in each award. The Grants Manager or designee, in case of his absence, shall determine that the award does not contain administrative approvals that are in conflict with the grant provisions, stated regulations, or policies. The Grants Manager or his designee is responsible for processing all award modifications, suspensions, and termination actions.

5.1 Use and Disposition of Project Income

Program Income is defined as income earned by the grantee that is directly generated by a supported grant activity or earned as a result of the grant award. It may result from activities integrally related to the grant, or from activities which are incidental to the main purpose of the grant. Program income may be earned both from grantee activities and from services provided by an individual performing a role in the grant activity. The time-frame for earning program income is any income earned by a grantee during the grant period. “During the grant period” means between the effective date of the Grant Agreement and the end date of the grant, as reflected in the final financial report.

Examples of program income include:

1. Fees for services performed and for the sales of services, e.g., sale of computer time

2. Use or rental of real or personal property acquired with grant funds
3. Sale of commodities or items fabricated under the grant, e.g. publications
4. Payments of principal and interest on loans made with grant funds
5. Any donations that are solicited by the grantee during a grant activity

The grantee will inform USAID Agribusiness Project of any program income generated under the grant and agrees to USAID's disposition of such program income which is in accordance with 22 CFR 226.24. Program income earned under this agreement shall be applied and used in the following descending order:

1. Added to funds committed by USAID and the recipient to the project or program, and used to further eligible project or program objectives;
2. Used to finance the non-Federal share of the project or program; and
3. Deducted from the total project or program allowable cost in determining the net allowable costs on which the federal share of costs is based.

If the terms and conditions of the award do not specify how program income is to be used, then number 2) shall apply automatically. Grantees that are commercial organizations may not apply Option 1) to their program income.

Grantees shall have no obligation to the U.S. government regarding program income earned after the end of the project/grant period.

Costs incident to the generation of program income may be deducted from gross income to determine program income, provided that these costs have been charged to the award and they comply with the applicable rules for allowable costs under grants.

Unless terms and conditions of the award provide otherwise, recipients shall have no obligation to the U.S. government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award.

5.2 Cash Disbursements

USAID Agribusiness Project must ensure that the grantees have the ability to comply with 22 CFR 26, Parts 226.20-226.22. The Mandatory and Required Applicable Standard Provisions for Non-U.S., Non-Governmental Recipients that apply to cash disbursement grants will be incorporated into the grant agreement where applicable.

The financial questionnaire is used to assist in the process of evaluating a grantee's financial management capability. USAID Agribusiness Project may also verify financial responsibility and institutional capacity by inspections of annual financial statements, audit reports, letters from other donors, and/or on-site visits. USAID Agribusiness Project will ensure at a minimum that the grantee's systems permit them to identify, segregate, accumulate and properly record all costs incurred under the grant.

All requests for payments as specified herein shall be made to the Finance Manager through the Grants Manager. Each voucher shall be identified by the grant award number and shall state the total tax-free costs for which reimbursement is being requested.

No tax shall be reimbursed under any circumstances under the Grants Program. In the event that the USAID Agribusiness Project is unable to secure a tax exemption for grantee's purchases under grants, the grantee will have to bear that cost out of their own funds. Nevertheless, these expenditures shall be considered allowable cost sharing (matching contribution) by the grantee. Charges from the bank and currency exchange fees are considered allowable costs under the terms of USAID Agribusiness Project.

Cash payments will be provided in such a way as to minimize the potential for waste or fraud. Payments based upon the recipient's incremental progress are acceptable. Reimbursement based on presentation of receipts and other justifying documents is the other authorized method of payment. These two methods of cash disbursement are described below:

Incremental Payments. In order to qualify for payments, the grantee's accounting and financial management systems must conform to standards for funds control and accountability required under USAID and Federal regulations (ADS 303.3.9 and 22 CFR 226.20 – 226.22). New grantees are free to use their existing accounting systems, so long as they meet those applicable standards as set forth in the CFR, the applicable Standard Provisions, and the financial questionnaire.

Other guiding principles to cash advance disbursements include:

1. Funds shall not be commingled with other recipient owned or controlled funds;
2. Grantees should liquidate any prior advances before new advances are released; and
3. Advances shall be limited to the minimum amounts needed to meet current disbursement needs and only if a pre-award determination of responsibility has been made.

After the budget has been negotiated and the grant agreement has been signed, the grantee shall begin receiving disbursements for each upcoming benchmark (which should be at least monthly.) Benchmarks must be achieved before the specified disbursement is made.

USAID Agribusiness Project shall make every effort to determine the grantee's ability to manage and financially support the grant award.

All interest and other refunds by award recipients hereunder will be made to a special, non-commingled, interest-bearing account established by DAI (the "Separate Account"). DAI has no beneficial interest in any funds in the Separate Account. Funds in the Separate Account shall be paid annually to USAID, as directed by the CTO. At the conclusion of the Contract, any funds remaining in the Separate Account shall be returned to USAID and any interest shall be refunded to the U.S. Government.

Reimbursements. If a grantee's financial management systems do not conform to standards for receiving incremental payments, the grantee may still be eligible to receive reimbursements. As benchmarks are achieved, the grantee can submit the DAI Reimbursement Request form (based on Standard Form 1034 "Public Voucher for Purchases and Services Other Than Personal" and SF 1034A, Continuation of SF 1034). Each reimbursement shall be identified by the grant number and shall state the total costs for which reimbursement is being requested. The grantee shall attach all receipts and other appropriate documentation. This type of disbursement mechanism requires that the grantee have adequate cash flow. All Fixed Obligation Grants and Simplified Grants must be issued on a reimbursement basis.

5.3 Language

It is USAID policy that English shall be the official language of all award documents. If an award or any supporting documents are also provided in a foreign language it must be stated in each version that the English language version is the only official version (see ADS 303.5.17).

5.4 Termination and Suspension

Language must be included in the grant agreement giving DAI and USAID the right to terminate a grant, in whole or part, or suspend payments, should the grantee become insolvent during the performance of the award or should the grantee not meet their responsibilities as set forth in the Grant Agreement. A termination letter will be placed in the grantee's file and include the following:

- The reasons for the termination;
- The effective date;
- The portion to be terminated; and
- The portion terminated (in case of partial termination).

USAID shall also have the right to terminate the grant activity (activities) unilaterally in extraordinary circumstances.

5.5 Monitoring, Reporting, and Audits

The grantee shall maintain books, records, documents, and other evidence relating to the USAID-sponsored project. Accounting records that are supported by documentation will at a minimum show all costs incurred under the grant agreement, receipt and use of goods and services acquired under the grant agreement, costs of the project supplied from other sources, the overall progress of the project, and the cost share obligation from grant recipients.

Grantees must report their cost-share contribution through required financial reports, accompanied by supporting documentation, as described in the Required as Applicable Provision on Cost Share, which is a Mandatory Provision for all DAI grants (this provision can be found at: <http://www.usaid.gov/policy/ads/300/303maa.pdf>, for U.S., Non-governmental Recipients,

and for Non-U.S., Non-governmental Recipients at:

<http://www.usaid.gov/missions/sa/usaidsa/mandatorystandard.pdf>

All grantees will be subject to regular and periodic monitoring visits and reporting requirements. All projects must submit a final report on activities supported by the grant. For projects completed in less than a six-month period, a final expense and activity report, including the amount of cost share accompanied by supporting documents, must be submitted to the Grants Manager upon completion. For projects exceeding a six-month timeframe, quarterly expense and activity reports, in addition to a final expense and activity report (which includes the amount of cost-share accompanied by supporting documentation), must be submitted to the Grants Manager, or as otherwise specified in the grant agreement.

Grants under implementation will have a customized monitoring plan when deemed necessary by the USAID Agribusiness Project's technical staff. This plan should be flexible and dictated internally by the amount, length and complexity of the grant, as well as accessibility of the grantee's location.

Non-U.S. Grantees must be audited if they received more than \$300,000 in USAID funds during their fiscal year. The thresholds include USAID funds received from all USAID sources, not just USAID funds received through USAID Agribusiness Project grants. DAI may require that 1) grantees that spend less than the above thresholds and 2) for-profit grantees be audited. DAI reserves the right to arrange for an audit at any time.

In some cases, DAI may decide to cover an audit through a grant, particularly for large grants. This might happen when the pre-award responsibility determination demonstrates that the organization is on the right track, but would benefit from regular audits to help the organization focus on ensuring its financial and accounting systems function properly.

Grantees are required to adhere to USAID regulations, including requirements to maintain records for a minimum of three years to make accounting records available for review by appropriate representatives of USAID or USAID Agribusiness Project.

5.6 Records

The grantee shall maintain financial records, supporting documents, statistical records, and all other records pertinent to the award in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate charges to this award. Accounting records that are supported by documentation will at a minimum be adequate to show all costs incurred under the grant, receipt and use of goods and services acquired under the grant, the costs of the program supplied from other sources, and the overall progress of the program. Unless otherwise notified, the grantee's records that pertain to this agreement shall be retained for a period of three years from the date of submission of the final expenditure report and may be audited by DAI, USAID and/or its representatives. DAI will open a grant file for each award and follow the guidance as set forth in Supplementary Reference ADS 303 "File Documentation Guidelines."

5.7 Publications and Media Releases

This provision is applicable when publications are financed under the award.

The grantee shall provide USAID Agribusiness Project at least two copies of all published works developed under the award with lists of other written work produced under the award. At the end of the project, USAID Agribusiness Project shall submit one electronic or one hard copy of final documents (electronic copies are preferred) to PPC/CDIE/DIO at the following address:

Online (preferred)

<http://www.dec.org/submit.cfm>

Mailing address:

Document Acquisitions

USAID Development Experience Clearinghouse (DEC)

8403 Colesville Road Suite 210

Silver Spring, MD 20910-6368

Contact Information

Telephone (301) 562-0641

Fax (301) 588-7787

E-mail: **docsubmit@dec.cdie.org**

Electronic documents must consist of only one electronic file that comprises the complete and final equivalent of a hard copy. They may be submitted online (preferred); on 3.5” diskettes, a Zip disk, CD-R, or by e-mail. Electronic documents should be in PDF (Portable Document Format). Submission in other formats is acceptable but discouraged.

Each document submitted should contain essential bibliographic elements, such as 1) descriptive title; 2) author(s) name; 3) award number; 4) sponsoring USAID office; 5) strategic objective; and 6) date of publication.

In the event award funds are used to underwrite the cost of publishing, in lieu of the publisher’s assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost shall be credited to the award unless the schedule of the award has identified the profits or royalties as program income.

Except as otherwise provided in the terms and conditions of the award, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this award, but USAID reserves a royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

5.8 Marking under USAID-funded Assistance Instruments

5.8.1 Definitions

USAID has very clear definitions for terms associated with USAID technical assistance. These terms should be used as appropriate by grantees and can be found in the Mandatory Standard Provisions for both U.S. and Non-U.S., Non-governmental Recipients.

5.8.2 Marking of Program Deliverables

All grantees must mark appropriately all overseas programs, projects, activities, public communications, and commodities partially or fully funded by a USAID grant or cooperative agreement or other assistance award or sub award with the USAID Identity, of a size and prominence equivalent to or greater than the recipient’s, other donor’s, or any other third party’s identity or logo.

To ensure that the marking requirements “flow down” to sub recipients of sub awards, DAI will include the USAID-approved marking provision in any USAID funded sub award, as follows:

“As a condition of receipt of this sub award, marking with the USAID Identity of a size and prominence equivalent to or greater than the recipient’s, sub recipient’s, other donor’s or third party’s is required. In the event the recipient chooses not to require marking with its own identity or logo by the sub recipient, USAID may, at its discretion, require marking by the sub recipient with the USAID Identity.”

Any ‘public communications,’ as defined in 22 C.F.R. 226.2, funded by USAID, in which the content has not been approved by USAID, must contain the following disclaimer:

“This study/report/audio/visual/other information/media product (specify) is made possible by the generous support of the American people through the United States Agency for International

Development (USAID). The contents are the responsibility of [insert recipient name] and do not necessarily reflect the views of USAID, the United States Government, or Development Alternatives, Inc.”

USAID Agribusiness Project will provide the Cognizant Technical Officer (CTO) or other USAID personnel designated in the contract with two copies of all program and communications materials produced under the award. In addition, USAID Agribusiness Project will submit one electronic or one hard copy of all final documents to USAID’s Development Experience Clearinghouse.

5.8.3 Implementation of Marking Requirements

USAID Agribusiness Project will require that the grantee submit a Marking Plan, to be approved by USAID as part of pre-award negotiations:

The plan will include:

1. A description of the program deliverables specified that the recipient will produce as a part of the grant or cooperative agreement and which will visibly bear the USAID Identity.
2. The type of marking and what materials the applicant uses to mark the program deliverables with the USAID Identity.
3. When in the performance period the applicant will mark the program deliverables, and where the applicant will place the marking,

In certain cases, USAID Agribusiness Project and/or the grantee may be exempted from USAID marking requirements. Further details regarding such exemptions and waivers can be found in the Mandatory Standard Provisions for both U.S. and Non-U.S., Non-Governmental Recipients, and ADS 320.

5.9 Amendments and Extension

Once a grant has been awarded, no additional competition is required for amendments to the existing grant or follow-on grant awards for the same activity, or to further develop an existing assistance relationship for amounts equal to or less than the original grant.

Approval by the relevant grants committees is required for amendments to existing awards that involve any substantial change, extension, or expansion of previously approved grant activities.

The Grants Manager serves as the mandatory control point of record for all official communication that would constitute an amendment to the award. Amendments will be made by formal modifications to the basic award document.

5.10 Conflict of Interest

In the review and implementation of grants, USAID Agribusiness Project reserves the right to investigate an application or a grant due to any real or perceived conflict of interest. In the event that DAI determines that a conflict of interest exists, USAID Agribusiness Project may disqualify an application or terminate a grant.

Definition of conflict of interest:

A conflict of interest is any interest, financial or otherwise, direct or indirect; participation in any business, transaction or professional activity; or incurring of any obligation of any nature, which is

or appears to be in substantial conflict with the proper discharge of duties in relation to a USAID Agribusiness Project-funded project.

Conflict of interest includes, but is not limited to:

1. An occasion when an individual's private interest differs from his or her professional obligations.
2. A situation in which professional actions or decisions occur that an independent observer might reasonably question.
3. Nepotism, i.e., favoritism shown to a relative on the basis of an immediate family relationship (Note: immediate family can be defined as parents, children, siblings, grandparents, some categories of in-laws, foster and step children, and anyone living in the same household as a family.).

5.11 Grant Files and Closeout

USAID reserves the right to conduct financial reviews or audits, and to otherwise ensure the adequate accountability of organizations expending USG funds. The grant files will contain the essential documents to demonstrate that the grant was successfully completed and that funds were spent prudently with costs justified.

In order to prepare the grant files for closeout, the USAID Agribusiness Project will maintain an on-going official grant “Master File,” which includes only the documents that need to be preserved in case of audit. This file will be clearly organized and easy to understand. An auditor with very little prior knowledge of the project will be able to quickly review the file and conclude whether the grant funds were used for their designated purpose, whether systematic and competitive procurement procedures were used, and whether all funds were properly accounted for.

A checklist located in Annex G details the documents that the master file must contain and provides an explanation of how they should be filed.

In addition, for each competition, the grants staff must maintain an RFA/APS file. The RFA/APS file checklist can be found under Section G of this Manual. The RFA for successful grant recipients should be included in a separate file at the beginning of the master files.

At closeout, project staff will also ensure that all entries in the grants management database are complete, which will help guide an auditor through DAI’s grants management system.

Closeout of grants awarded under the standard and simplified formats are conducted in accordance with 22 CFR 226.71. Within 30 days of completion of the entire activity or all milestones, the grantee shall provide a written certification that the activity for which this sub-grant was awarded has been fully completed.

Grant closeout for fixed obligations grants will be accomplished with acceptance of the final milestone, and the approval of final payment. Within 30 days of completion of the entire activity or all milestones, the grantee shall provide a written certification that the activity for which this sub-grant was awarded was completed.

The Grants Manger is responsible for ensuring that the grantee has completed all requirements for closeout and shall include information on grant closeouts in the monthly report of grant activities.

6. GRANT PROCUREMENT PROCEDURES

The grantees shall conduct all procurement activities, under the supervision of USAID Agribusiness Project, and shall be reimbursed for the purchased services and/or items listed in the grant award. USAID Agribusiness Project shall, however, maintain primary responsibility before USAID in respect to the procurement standards as described below. In certain circumstances, USAID Agribusiness Project may decide to conduct a direct procurement, but only if a grantee has limited capability to procure services and/or equipment with the grants funds, i.e. Youth Enterprise Grants and Agribusiness Start-up Grants.

If procurement activities fall within the scope of grantee's authority, each grantee must adhere to the following procurement standards:

- The grantee will avoid purchasing unnecessary items;
- Where appropriate, the USAID Agribusiness Project staff or the grantee will determine whether lease or purchase alternatives is the most economical and practical procurement;
- The grantee will document a price or cost analysis in its procurement files in connection with every procurement action. Price analysis will be accomplished in various ways, including the comparison price quotations submitted, and market prices, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability;
- No employee, officer, or agent of the grantee organization shall participate in the selection, award, or administration of a contract supported by USAID Agribusiness Project funds if a real or apparent conflict of interest would be involved. Such conflict would arise when the grantee or any member of the grantee's immediate family, the partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award;
- All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The grantee shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade;
- Every time the grantee purchases something with USAID Agribusiness Project funds, it must use an appropriate level of cost comparison and analysis, as follows:
 - a. When purchasing any good or service with a unit cost of less than US\$500, price quotes are preferred but not required. If possible, three oral quotes should be obtained and documented (name of vendor and price quote). Selections should be made on the grounds of price, quality, dependability, timeliness, and other business considerations.
 - b. When purchasing a good or service with a unit price greater than or equal to US\$500, but less than US\$2,500, three valid written or oral quotes must be sought. Selection should be made based on the factors of price, assured timely deliveries, proven ability to deliver a quality product, reputation of vendor, and other criteria fitting to the specific procurement. A Bid Comparison Matrix must be created, listing prices, vendors, availability and reasons for choice.

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- c. For procurement elements or awards greater than \$2,500, further requirements may apply as found in the *Procurement of Goods and Services* (October 1998) clause from the Standard Mandatory Provisions for Non-U.S., Nongovernmental Recipients;
- Each time the grantee requests an oral or written bid from three or more vendors, it must provide each vendor with identical information regarding the specification of the goods or services it is procuring;
 - The grantee shall provide to USAID Agribusiness Project copies of the procurement documents, e.g. invitations to bids, market research, bid analysis and evaluations, award letters, contracts with vendors, etc., as well as other documents related to the procurement procedures conducted by the grantee; and
 - To the greatest extent possible, the grantee should use local business service providers and other counterparts as appropriate.

The grantee may, however, use its own procurement policies and practices for the procurement of goods and services, provided they conform to all of USAID's requirements listed in *Procurement of Goods and Services* (October 1998) and the standard provision entitled "USAID Eligibility Rules for Goods and Services."

USAID Eligibility Rules for Goods and Services are applicable when the costs for goods or services will be paid for with USAID Agribusiness Project funds. This provision is not applicable if the recipient is providing for the goods or services with private funds as part of a cost-sharing requirement, or with Program Income generated under the award.

Recommended Procurement Procedures, by Dollar Amount

Procurement Amounts	Action(s) Taken	Forms To File
If total anticipated price is less than \$500	Purchase as needed at market price– no paperwork other than receipt for billing purposes needed.	None
If total anticipated price (total payment to vendor, not per item) is between \$500 and less than \$2500	Must document attempt to get three bids or price quotes (by verbal solicitation verbally) - Memo to File must include: <ul style="list-style-type: none"> - Company names - tel. # - date contacted - price quoted 	Memo to File
If total anticipated price is between \$2500 and less than \$10,000	Must get three verbal bids or price quotes from vendors. Must create a Bid Comparison Matrix listing prices, vendors, availability, and reason for choice.	Bid Comparison Matrix
If total anticipated price is between \$10,000 and less than \$25,000	Must get three written bids from vendors, and create a Bid Comparison Matrix. Must stipulate Selection Criteria Must convene a bid committee to review the bids together.	Bid Comparison Matrix Copies of vendor bids Bid Decision Memo to File
\$25,000 or more	Must issue formal a public bid documents, such as a Request For Quotes (RFQ). Must stipulate Selection Criteria Must convene a bid committee.	Copy of RFQ and responses. Bid Comparison Matrix Bid Decision Memo to file CO Approval (as needed)

6.1 Allowable Costs/Eligibility Rules for Goods and Services

Expenses incurred under the grants program must meet the following criteria in order to be eligible for reimbursement:

Reasonable Cost: Means those costs that are generally recognized as ordinary and necessary and would be incurred by a prudent person in the conduct of normal business.

Allocable Costs: Means those costs that are incurred specifically for the award.

Allowable Costs: Means those costs that are reasonable and allocable and conform to any limitations in the award.

Cost Principles: Which costs are allowable, allowable with prior approval, or allowable by type of grantee (U.S. NGO, non-U.S. NGO, etc.)

It is USAID Agribusiness Project’s goal to ensure that costs incurred are in accordance with the applicable set of Cost Principles under the Mandatory Standard Provision for Non-U.S., Non-Governmental Recipients (Allowable Costs). DAI will determine which costs are allowable, allowable with prior approval, or unallowable, for Non-U.S., Non-Governmental grantees.

The following guidelines will be used during the budget review stage of grant proposal evaluation, before the grant agreement is approved, to determine if a questionable cost is allowable:

1. Review OMB Circular A-122, (Annex M), a list of “Selected Items of Cost” which describes what is and is not allowable, or allowable under what circumstances (for example, “alcoholic beverages: Costs of alcoholic beverages are unallowable”).
2. Review ADS 312 “Eligibility of Commodities” for more information if an item to be procured is a restricted good or service.
3. Determine whether the costs are reasonable, allocable, and allowable.
4. Contact the DAI/Bethesda for review and decision when appropriate.
5. Prior to incurring a questionable cost, obtain USAID’s written determination on whether the cost will be allowable. (This should be done even for cash disbursements, as DAI is accountable for the use of funds provided to the grantees.)

The grantee will also adhere to the list of ineligible goods and services clause from the list in ADS 312 “Eligibility of Commodities”. The following restricted goods and services³ shall not be procured without the prior approval of the Agreement Officer:

- Agricultural commodities;⁴
- Motor vehicles;
- Pharmaceuticals;
- Pesticides;
- Used equipment;
- U.S. Government-owned excess property; and
- Fertilizer.

³ Refer to ADS 312 “Mandatory Reference, USAID Commodity Eligibility Listing” for a list of restricted commodities.

⁴ Waivers on Agricultural Commodities (ADS E312.5.3a2e): Depending on the source origin designation of the grant, a geographic source waiver, in accordance with ADS Chapter 310, may be required if the commodity is to be purchased from a country not eligible under the agreement. If a proposal is to procure an agricultural commodity, DAI staff must review ADS 312 and obtain USAID waiver if necessary before the grant is implemented. DAI will work with the USAID Agreement Officer to obtain appropriate and necessary waivers prior to procurement.

The Required as Applicable Provision entitled USAID Eligibility Rules for Goods and Services shall apply to all standard form grants issued under USAID Agribusiness Project.

6.2 Source, Origin, and Nationality

The authorized geographic code for the USAID Agribusiness Project in Serbia is USA (000). However, local procurement in the cooperating country is authorized within the parameters specified in 22 CFR 228.40, “Local Procurement.”

Pursuant to the standard provisions for the grants-under-contracts not exceeding \$250,000, and reference to the waiver letter dated June 6, 2008 issued by Regional Contracting Officer, use of an order of preference for the procurement of goods and services is permitted.⁵ Accordingly, Commodities and services procured under the USAID Agribusiness Project must be procured in accordance with the following order of preference:

- (1) The United States (USAID Geographic Code 000)
- (2) Serbia, and then
- (3) A SEED or EU Country (USAID Geographic Code 935)

The procurement of non-U.S. commodities or services must be documented to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and one or more of the following reasons justifying the non-U.S. procurement:

- A) The commodity or service is of a type that is not produced in or available for purchase in the United States (or Cooperating Country if it is a SEED or EU country procurement).
- B) It is necessary to procure the non-U.S. commodities or services in order to meet unforeseen circumstances, such as emergency situations.
- C) It is necessary to procure the non-U.S. commodities or services to promote efficiency in the use of United States foreign assistance resources.
- D) For the commodities with their source and origin in the Cooperating Country:
 - i. The lowest available delivered price from the United States is reasonably estimated to be 50 percent or more higher than the delivered price from the Cooperating Country, or
 - ii. The estimated cost of U.S. construction materials (including transportation and handling charges) is at least 50 percent higher than the cost of locally produced materials.

6.3 Equipment

Equipment is defined as any tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. If the grant budget includes equipment the Provision for Non-U.S. Non-Governmental Recipients (Title to and Use of Property, Recipient Title) will be incorporated into the Grant Agreement.

Under the simplified grants, the Agreement Officer must approve the purchase of equipment over \$5,000, and applicable provisions must be included in the grant format. The purchase of equipment

⁵

with a value exceeding \$5,000 is not authorized under a Fixed Obligation grant. The project must follow standard procurement procedures.

The grantee is required to use and maintain the equipment for the purpose of the award in accordance with the applicable standard provision and as summarized below:

- The recipient is required to maintain equipment inventory records that include the description of the equipment, the source of the equipment, the title holder, the serial number or other identification, the acquisition date, the cost of equipment, the location, use, and condition of the equipment, and any ultimate disposition data including the date of disposal and the sale price of the equipment.
- The recipient is required to take an annual physical inventory of the equipment and reconcile the results with the equipment records and submit a copy of the physical inventory to DAI.
- In the grant agreement, the grantee will agree to indemnify, DAI and its Officers and Directors, including cost of defense, for any claim made against them arising out of the Grantee's performance of this grant agreement. This indemnity shall be in excess of DAI's insurance policies, but not limited by the scope of such policies. DAI and USAID do not assume liability for third party claims for damages arising out of this grant.

6.4 Supplies

Supplies are all property, excluding equipment. In accordance with the applicable Standard Provisions, title to supplies and other expendable property shall vest in the grantee upon acquisition.

6.5 Travel

USAID Agribusiness Project must obtain USAID Contracting Officer approval to use grant funds in support of international travel where applicable and necessary. Guidance will be followed as set forth in the Required as Applicable Standard Provision for Non-U.S., Non-Governmental Recipients (International Air Travel and Transportation).

For grantees receiving cash disbursements for travel, the Standard Provision (referenced above) must be followed and incorporated in to the grant agreement. If the grant is in-kind (that is, DAI negotiates and purchases the tickets for the grantee), USAID Agribusiness Project shall follow Standard Provisions when approving travel and purchasing the tickets. In either case, the Fly America Act applies at all times.

6.6 Participant Training

Participant training conducted in countries other than the U.S. or the cooperating country must comply with the requirements for third country training set forth in ADS 253.3.2.

A participant is any non-U.S. individual being trained under the USAID Agribusiness Project outside of that individual's home country.

A nationality waiver may be required for training providers from countries outside the authorized geographic code.

Participant training shall be conducted in close cooperation with World Learning in Serbia.

6.7 Payment to Host Country Government Employees

a) *Definition of Host-Country Government (HCG) Employee*

A HCG employee is an employee paid by the HCG, occupying an established position, temporary or permanent, part-time or full-time, within a host-country government institution, such as State Universities, Research Institutes, vocational schools, etc. A host-country institution is an organization in which the government owns at least a 50 % share or receives at least 50% of its financial support from the government.

b) *Types of Payments*

There are two categories of payments to HCG employees: those that are considered salary supplements, and those that cover other costs not considered salary supplements.

b1) Salary Supplements:

These are payments made that increase an employee's base salary for the performance of his/her regular duties or for work performed during regular office hours. In most cases, these are not acceptable (except for university professors/lecturers).

Exceptions where payments are allowable for other government employees outside of the university system shall be limited and subject to USAID approval, and may be considered under the following terms only:

- If the government employee is providing services outside of his/her normal working hours.
- If the government employee is on leave without pay from their government post during the time he/she is providing services to us.
- If the government employee is on annual leave from the government at the time that he/she is providing services to us.

In addition, it is important to remember the following: ***Policy-Making Officials shall not receive USAID payment of salary supplements in any form*** (including USAID payments for project related work conducted outside normal working hours). Policy-Making officials are defined as high-level elected or appointed officials such as those serving in the cabinet or in the immediately subordinate sub-cabinet position.

b2) Additional Payments not in the form of salary supplements:

Possible payments are: food and lodging, travel, and honoraria for university professors.

- Food/lodging/local transport costs are permissible for program or project-related activities provided that such reimbursement is made on an actual cost reimbursement basis or it is paid at a consistent host-country rate.
- National transport costs are allowable for government officials in special cases where Host Country Government Officials are traveling in country with a U.S. government official.
- International Travel is also permissible if the USAID Mission Director or from USAID Washington approval is provided if there is no USAID Mission Director.
- Honoraria may be paid to university employees and to members of research institutions, who are HCG employees solely by virtue of their position in a university or research institution, carrying out project-related activities outside their normal duties.

6.8 Use of U.S./International Consultants

An international consultant can be used under a grant if the organization is the recipient of the grant with which this consultant is affiliated, and the grant is not to the consultant as an individual.

If a local grantee wishes to hire an international consultant as part of a grant from USAID Agribusiness Project must verify the following:

- a) International consultant's salary -- this should be checked for reasonableness, with well-documented salary history for the requested rate.
- b) The local grantee must verify that they have hired the consultant, with a formal employee contract, Scopes of Work, time sheets, etc. drawn up between the consultant and the local grantee.

The local grantee must pay the consultant's salary directly.

6.9 Rights to Intellectual Property Produced with Grant Funds

All materials produced under the grants -- written, graphic, film, magnetic tape, or otherwise -- shall remain the property of both the grantee and USAID Agribusiness Project. Both the grantee and USAID Agribusiness Project retain rights to publish or disseminate in all languages reports arising from such materials, unless otherwise specified in the grant agreement. The rights and duties provided for in this policy shall continue, notwithstanding the termination of the grant or the execution of its other provisions.

Annexes

- A. Sample Memo of Negotiation
- B. Assistance on Branding and Marking
- C. Sample Simplified Grant Format Non-U.S.
- D. Sample Fixed-Obligation Grant Format Non- U.S
- E. Sample In-kind Grant Format Non- U.S NOTE: Mandatory Standard Provisions for Non-U.S. Non-Governmental Recipients as an integral part of every grant format
- F. Financial Capability Questionnaire (for recipients of cash grants)
- G. Grant File Documentation Guidelines and Check List
- H. Certification Regarding Debarment, Suspension and Other Responsibility Matters
- I. Certification Regarding Drug-Free Workplace Requirements
- J. Certification Regarding Terrorism Financing
- K. Anti-trafficking Activities
- L. Reporting of Foreign Taxes
- M. OMB Circular 122 "Cost Principles for Non-Profit Organizations"
- N. Concept Paper
- O. Sample Grant Application
- P. Grants Review Committee Record

NOTE: These annexes are all the possible documents that can be attached to a specific grant. In most cases the grant will require that only two or three of the Annexes listed here be incorporated in the grant document issued to the grantee. Directions on which grant annex to include, are provided in the instructions that follow. When the grant is issued, the actual annexes that are to be attached are renumbered A-1, A-2, A-3, etc. The Grant Formats indicate the preferred order of numbering of the annexes when attached to the grant.



USAID Serbia Agribusiness Project

Year Three Annual Workplan

October 1, 2009 – September 30, 2010

Annex III - Sub-Sector Activity Plans:

Berry Fruit

Dairy Products

Livestock

Herbs & Mushrooms

Tree Fruit

Vegetables

BERRY FRUIT – Year Three Activity Plan

The activities planned for the berry sub-sector fall within Component 1 of the original Project design. This can be summarized as events, activities and programs which will support “Increased Efficiency and Competitiveness of Serbian Agribusinesses” within the Berry Fruit sub-sector as defined in the VCA. These activities and events have been sub-divided into various sub-categories, and these sub-categories have been used across the sub-sectors to provide a consistency in Project planning and design. There are also activities which will be undertaken in Component 2 of the Project to “Improve the Enabling Environment for Serbian Agribusinesses” and these will be detailed in separate sections of the Workplan. The Sub-Sector Leads, and the activities and events they undertake will support, and contribute to, achieving the objectives of Component 2.

1.0 Introduction and Overview

Based on the Value Chain Assessment (VCA) and the Commodity Action Plan (CAP) completed for the Berry Fruit Sub-Sector during the first year of the Project, support for the development of this sub-sector was planned to focus on increasing the value added to Serbian berry products, increase the exports of fresh berries, and support the development of new berry crops that would compliment existing berry crops. The main elements of the program planned support for the development of integrated value chain operations, and the development of export market linkages. Activities in the sector also included the development of an industry association that could be the focus of future Project assistance, and which could provide the types of services the Project provides to producers beyond the end of the Project. The adoption of international standards, and in particular GlobalGAP, was also an important element of berry sector activities. Over the course of the first two years the basic strategy for the berry sector has remained valid, and despite the impact of the Global Financial Crisis berry consumption in western markets has not changed significantly. As the Project moves into Year Three, the basic approach for the berry sector will continue, and the focus will be on shifting from processed to fresh berry products, and an emphasis will be placed on new berry crops (new raspberry varieties, blueberries and cranberries).

Over the course of Year Two the Agribusiness Project continued to support a group of producer organizations, and other types of businesses, dealing with berry fruits, and Project assistance expanded over the course of the year to address different aspects of their operations. The main goals of Project assistance remained the same: to increase the overall competitiveness of the Serbian industry, and to initiate rapid and broad-based growth of the cultivated berry fruit sub-sector. During this year the project assisted clients to successfully establish berry-fruit fields with newly introduced varieties, organized the provision of advisory services that helped producers to improve plant growth and increase yields, supported exhibitions of Serbian berry-fruit products at international and local trade fairs and shows, and delivered technical training events that enabled participating businesses to improve their competitiveness, introduce new standards, and access new markets. While conducting all these activities the Project cooperated with, and worked through, the sub-sector leverage points identified in Year One, including national and/or regional industry associations (Fruits of Serbia, Serbia Cold-Stores Association, Arilje SME Association), and local ABDS providers (Arilje Agricultural Innovation Center, Cacak Fruit Research Institute, etc).

The global financial crisis, a fall in average export prices, as well as low profitability in the sector during the 2008/09 season, and high debt levels, limited new investment in the sector during the year. These factors, as well as the lower quality fruit harvested in 2009 due to unfavorable weather conditions, characterize the berry fruit sector in Serbia at the start of the 2009/10 selling season. As

a result of negative changes in the international and local business environment, the projected level of sales for fresh berries by the end of the project will most likely not be achievable. It is expected that the sales of fresh berries will be approximately one half of the level initially projected.

Through a combination of technical assistance and matching grants in Year Three, the project will enable berry fruit businesses moving towards the fresh market to extend their production season by applying new technologies, and introducing international quality/food safety standards, and thus begin regularly supplying targeted export markets with fresh berries. At the same time, producers of value added products will be provided with assistance to access new markets, and to introduce new and/or improved existing products.

1.1: Strengthen Producer Organizations in the Berry Sector

1.1.1 Training & TA for the Use of New Technologies

1.1.1.1: Training on the Use of High Tunnels for Berries

To ensure the proper establishment and management of berry-fruit fields, as well as the application of new technologies required for the successful production and marketing of fresh berries, the Project will work with competent ABDS providers or, where they do not exist, bring in international STTA consultants, to provide a series of training programs and to provide advisory services to client firms. As the marketing of fresh berries is a new type of berry business in Serbia, producers need information and advisory services related to production technologies and post-harvest management. The goals of this program are to further improve the overall performance of participating producer organizations, and to enable them, and their members or supplier-farmers, to benefit from economies of scale through an improved knowledge base and better crop management practices. In Year Three the main topics covered with this program will remain focused on the production of berry fruit under high tunnels, and the cooling and packaging of fresh berries, which will require an international STTA consultant. Training sessions will be conducted over the winter months of 2009-2010 at several locations in the berry-fruit growing areas, and will be continued with advisory services in the spring-summer of 2010.

Expected results: The Project will complete two or three individual training sessions in this program, which will be complimented by direct advisory services for client firms. A total of three ABDS providers, and eight producer organizations and/or food-processing companies, will be assisted through this program.

1.1.1.2: TA for Grantees Adopting New Technologies

As a follow-up to a number of activities conducted by the Project in Years One and Two, aimed at improving producer knowledge regarding market opportunities and operations with fresh berries, the Project will expand its assistance and offer matching grants to those clients that have developed their capabilities and are ready for the adoption of new technologies. Due to the global economic crisis, market contraction, and the limited access to loan financing, most of the sector stakeholders who have successfully developed their businesses are not able to take on new debt, and thus continue their advancement towards establishing sustainable fresh sales. Through the grant component the Project will assist eligible grantees to apply new technologies that will result in extending the production season, increase yields, and improve the quality and/or marketability of their products. In the fresh berry-fruit business new technologies include early/late production under poly-tunnels and glasshouses, the application of rain-caps and/or anti-hail nets, modified-atmosphere-packaging, and the completion of cold-chain and cooling/shipping units, etc. Besides having a direct impact on the recipients, the grants will also serve as models and/or demonstrations, and will be a useful tool for future training events and the sharing of information on new

technologies. The grant program will be operational throughout Year Three, and the quantity and timing of the applications for grants cannot be predicted at this time.

Expected results: While exact numbers cannot be predicted, it is expected that three producer organizations and/or production companies will be assisted with the grant program. At least two new technologies will be applied, with added sales of \$300,000 being generated as a result of the new technology.

1.1.2 Assist Producers to Diversify Their Production

1.1.2.1: Training of Trainers – Blueberry Production

The Agribusiness Project will implement a Training of Trainers (ToT) program to develop a network of advisory service providers to support high-bush blueberry production. As blueberries are still a relatively new crop in Serbia, there is a lack of expert knowledge and experience with blueberry production. To strengthen the capabilities of Producer Organizations, and ABDS providers, involved in high-bush blueberry production, and to enable them to effectively deal with issues related to production, harvest, and post-harvest management, the Project will organize and deliver a specially designed training program. This program is a follow-up to the technical assistance and training undertaken by the Project during Year Two. Participants in this program will be employees and staff from blueberry Producer Organizations (maximum two per PO) responsible for advising members on technical issues related to blueberry production. Individuals from other organizations (mainly ABDS providers) interested in further developing their knowledge base, and/or in becoming an ABDS provider for this crop, will also be invited to participate. The program will be implemented by US-based experts (using at least two STTAs) specializing in blueberry farm establishment, irrigation, disease protection, pests management and hail protection, and harvest & post-harvest management, etc. The activity will be implemented in cooperation with the faculty(ies) of agriculture, and with institutes in Serbia whose employees and students are directly involved in program planning and implementation. As result of this activity, a network of competent and skilled advisory service/ABDS providers will be created, which can serve the needs of their POs, and the wider public, interested in blueberry production and marketing. This training program will take place between November 2009 and March 2010.

Expected results: At least four producer organizations and four ABDS providers will be assisted, and blueberry yields will increase by 20% in the first year, and an additional eight jobs in agricultural production and processing will be created.

1.1.2.2: TA for Producers Establishing Cranberry Fields

The Project will also implement a technical assistance and training program to support expansion of cranberry production in Serbia. Based on the cranberry consultant's findings and recommendations from his assignment during Year Two (Aug/Sep '09), the Project will continue support to interested cranberry producers, and potential ABDS providers, to help them introduce the crop and develop their production capabilities. This assistance will consist of an extensive technical training and advisory program for cranberry growers, possibly including the organization of a study tour to areas where cranberries are successfully grown. The purpose of such a trip would be to link interested Serbian growers with producers and marketers of cranberries and cranberry planting material. To deliver the planned technical assistance, the project will bring in at least one expat STTA consultant with a technical background in cranberry production and/or processing. This program is expected to take place between October '09 and April '10.

Expected results: Based on this technical assistance at least one new product will be introduced (a cranberry product), three Pos, and two ABDS providers will be trained to deliver services to support the development of cranberry production in Serbia.

1.1.3 Improve Management at Producer Organizations

1.1.3.1: Management Training for Producer Organizations

The Berry Fruit Sector Lead will support Project activities to provide management training for the managers of producer organizations involved in berry production and processing. In addition to the businesses training program offered to any type of business entity, the Project will implement training specifically designed for producer organizations. The target group of this program will be existing POs, especially those of a national character, and new initiatives to establish broad or commodity-based POs. Through a series of training events, participants will be trained in how to increase member participation, manage PO funds and membership fees, obtain commercial loans and use collateral, organize supplies and sales, manage and distribute profits, and develop a marketing strategy. The program will be implemented and managed by the Project's Producer Organization Specialist, with assistance from the Sector Leads. (For more detail please refer to the Producer Organizations section of the Workplan). These training sessions will take place throughout Year Three of the Project.

Expected results: At least four Producer Organizations will be assisted, with at least one of these being a new PO, and 40 new members will join new and/or existing POs.

1.1.3.2: Support for the National Blueberry Association

The Project will support the establishment and strengthening of a national blueberry organization during Year Three. As result of the networking and technical assistance delivered by the Project to date, an initiative to establish a national umbrella organization has been launched by blueberry growers, and related ABDS providers, in Serbia. The primary objective of this new organization would be to improve blueberry production technology, gain better market access for producers, and lobby the government on behalf of its members. The Berry Fruit Sector Lead and the PO Specialist will work together to design, and implement, assistance measures to support this initiative and to insure that the organization becomes viable and that it can ensure sustainable production and sales of this valuable crop in Serbia. The assistance program will include the provision of consultancy and advisory services on the appropriate legal form, the development of by-laws and a strategic plan, as well as developing links with other organizations specializing in blueberries, such as USHBC (the US High-bush Blueberry Council). Depending on the speed of development for this organization, additional technical assistance, such as supporting a national promotional campaign, development of extension services, and assisting with promotional tools and materials (web-site, leaflets, new packaging), will be considered. This activity will be implemented and managed by the PO Specialist, in cooperation with the Berry Fruit Sector Lead. This activity will take place throughout Year Three of the Project.

Expected results: One new Producer Organization (blueberry association) will be established, and four local/regional POs will be assisted. At least 20 new members will join existing POs, and an additional \$50,000 of member sales will be achieved.

1.1.4 Support for the International Standards Program

Through a project-wide certification program, and sector-specific grants for certification, the project will continue supporting growth-oriented producer organizations and companies in the process of implementing international standards needed to improve their overall quality and to access new

markets. These activities will result in improved quality and marketability of their products, as well as in decreased costs and increased overall sales.

1.1.4.1: Support Intl Standards for Fresh Berries

During Year Three the Project will continue the international certification program and it is expected that at least two producers of berry fruits for the fresh market will apply, and receive assistance, for implementing GlobalGAP certification for their production and processing facilities for exportable fresh berries. This standard will serve as a tool for Project clients to improve their overall competitiveness, and to achieve new sales and receive higher margins in both domestic and international markets. As in Year Two, Project funds will cover 50% of the costs related to consulting services to prepare for certification, and up to 70% of the cost for the GlobalGAP certification process. This activity will take place throughout Year Three of the Project.

Expected results: At least three berry fruit producers will be certified through this program, and at least two ABDS providers will be assisted in the GlobalGAP certification process.

1.1.4.2: Support for Other International Standards

The Project will also assist with sub-sector, and/or market specific, certifications that will result in improved access to new markets for Serbian value-added berry products. As with the GlobalGAP and ISO standards program, Project funds will cover part of the costs related to consulting services to prepare for certification, and then part of the certification costs. With Project assistance, at least two berry-fruit processors will be assisted to obtain either Organic, Kosher, Halal, BRC, IFS, JAS, GOST, or other certifications, that will enable them to become more competitive, and meet the requirements needed for sales in these new international markets. This activity will take place throughout Year Three of the Project.

Expected results: At least two processors will be certified in these additional certification programs, and at least one ABDS provider will be assisted to provide certification services.

1.2: Improve ABDS & Finance Service Delivery

1.2.1 Improve the Capabilities of ABDS Providers

1.2.1.1: Berry Cold Chain Management TA & Training

During Year Three the Project will provide technical assistance to improve the management of the cold chain for berries, and to enhance the logistics of moving berries from the field to the final consumer. Based on the findings and recommendations from the Cold Chain Study, the Sector Lead will focus Project assistance for the berry fruit sector on those companies in the sector that have identified selling opportunities, and that need assistance in improving their cold chain management capabilities. Examples of such companies would include Agro Plus, Libertas, and Frutto. The Year Three focus will remain on the two most relevant topics - cold chain operations, and logistics management. Depending on specific client needs, specific tailored assistance activities will be designed to address these needs, and the assistance will be provided by a specialist ABDS provider, or by local and/or expatriate STTAs contracted by the Project. As part of providing these services the STTAs will work with small group(s) of local ABDS providers so as to transfer the methodologies and technical information to them. Assistance in this area will take place between December '09 and June '10, during the time when the cold stores are relatively empty and when technical assistance and training can be undertaken.

Expected results: At least two ABDS providers will be assisted, and two producer organizations and/or food-processing companies will receive services. It is expected that at least \$100,000 of new revenues will be achieved following the program.

1.2.1.2: Foster Partnerships for Input Supply to Producers

The Project will support the establishment of partnerships to improve the supply of inputs, and the availability of relevant business services in Serbia. The Sector Lead and the cross-cutting staff will identify international firms which can contribute to the development of the berry sub-sector, and which are willing to partner with Serbian counterpart firms. Some of the potential international suppliers are producers of post-harvest equipment and/or technologies to extend product shelf-life, improved planting material, anti-frost and anti-hail equipment, and consultants on EU food packaging & labeling requirements. Another group of potential foreign partners are commercial companies that, as an embedded service, provide access to new varieties and/or technologies. Based on the collaboration established with these two groups to date it is apparent that Serbian businesses would benefit greatly, and these linkages would provide improved access to new plant varieties, post harvest management and packaging techniques, and new markets. Project staff will work with these international firms to determine their local support needs, and will broker relationships with local firms to establish partnerships that will result in an improved availability of inputs for service providers in Serbia. The international partners will then provide technical training for their partners in Serbia. Besides linking the partners and providing the overall coordination of the activities, the Project will organize, and cover the costs related to, presentations, workshops, and the transportation of participants where necessary. Project staff will facilitate this cooperation over the course of Project Year Three (Oct '09 to Sep '10).

Expected results: By the end of Year Three, the Project will have facilitated at least one partnership contract between a Serbian service provider and an international supplier within the berry subsector, with a total transaction(s) value of \$100,000 within one year after its inception.

1.2.2 Assist Clients to Access Financial Resources

The Berry Fruit Sector Lead has not planned any specific activities or events related to improving access to financial resources for sector clients, but the Sector Lead will cooperate and coordinate with the ABDS & Finance Specialist on an as-needed basis to support cross-cutting efforts to facilitate access to credit and finance.

1.3: Support Sales & Marketing Efforts

1.3.1 Support Client Participation in Trade Fairs

1.3.1.1: Support Companies that Participate in Trade Fairs

As the Project has done in past years, co-funding will be provided to selected berry sub-sector clients to enable them to exhibit at relevant international trade fairs. In Year Three the Project will continue this support with a focus on enhancing the sales of fresh, organic and processed value-added berry fruit products. The preliminary list of trade fairs which will have participation by Berry Fruit companies is shown below. Besides the new exports generated by participating businesses, these events will also support Project efforts to further the development of relevant national associations. Prior to attending the fairs, all participants will receive training and technical assistance to insure they are well prepared, and that their exhibit and negotiations at the fair will be successful. These events will be undertaken in partnership with the Ministry of Agriculture, which will provide its coordination assistance and matching funds where possible. These events take place over the course of Year Three, with the timing of the individual fairs indicated below.

> BioFach Fair	Feb 2010
> Fruit Logistica	Feb 2010
> Fancy Food New York	Jun 2010
> World Food, Moscow	Sep 2010

1.3.2 Assist Clients to Undertake Trade Missions

Through a cost-sharing arrangement the Project plans to help selected berry sector client firms send delegations to conduct sales mission trips to major international markets. These activities will be in addition to any sales missions that will be conducted within the context of the support for participation at international fairs, and the Project will also assist missions that are organized by national associations and/or other umbrella organizations. Via these Missions participants will be able to assess market demands and competition, prepare for their own participation at fairs, meet with potential buyers, and, where possible, begin the sales negotiation process. It is planned that in Year Three the Project will assist at least one berry fruit sales mission, which will include representatives from three to six Project client firms each.

1.3.2.1: Sales Exchange Mission to Spain (Huelva Province)

In recent years Spain has become the largest and the most advanced supplier of fresh berries for the EU market, with an emphasis on strawberries and raspberries. The Agribusiness Project will co-fund a know-how exchange tour to the province of Huelva in Spain, which is known worldwide for its strawberry production, and where recent technologies (such as multi-variety production systems under poly-tunnels and greenhouses, and new varieties with extended harvest) have been successfully implemented. This tour is tentatively scheduled for November of 2009, and will be undertaken in coordination with World Learning and in cooperation with Hargreaves Plants, the main supplier of planting material for the Spanish producers. Approximately ten representatives, representing both raspberry producers and ABDS providers, will take part in this activity. The main goal for the participants will be to learn how modern technologies are implemented in practice, and how they could apply to Serbia. The participants will also be able to become familiar with the overall organization of the Spanish berry businesses, and their marketing strategy. The tour will help them in planning their future steps, and in developing their projects, and applications for GOS or international project funding assistance.

1.3.2.2: Sales Trade Mission to Italy (Sant’Orsola)

As a component of Project assistance aimed at improving producers’ knowledge, and links with international partners, the Project will support a cost-share Trade Mission to Northern Italy for a group of berry-fruit producers (Producer Organizations) and ABDS providers. In spring of 2010 participants will visit Sant’Orsola, a nation-wide berry fruit cooperative which is considered the most advanced producer and marketer of fresh berries in all of the EU countries. The participants will see the latest production and harvest/post-harvest technologies, observe early production of berries, and learn about the overall organization of the cooperative. They will expand their knowledge about distribution channels in Italy, and the EU, as well learning about fresh berry-fruit market requirements and the latest varieties. In addition, they will discuss quality requirements and begin negotiations for potential business cooperation with the cooperative, which imports fresh berries in the off-season. Following this trip, through various Project organized activities, the participants will share the knowledge they learned with other sector stakeholders. In addition to the producers and the ABDS providers, a national TV reporter will take part in the trade mission, to prepare and broadcast a special show on the activity. This show will focus on the new fruit production and processing technologies observed, and the market opportunities identified.

Expected results: With these Trade Missions four ABDS providers and eight berry fruit producers will participate. It is expected that at least one new sales contract will be negotiated, with \$150,000 of new sales achieved within one year. A total of 100 farmer/growers will have improved access to new technologies, and to international selling opportunities.

1.3.2.3: Market Research and Studies for Berries

At this time the Project has not developed any plans to undertake specific market studies related to the berry sector. This is an activity that could be incorporated into the workplan and activities for the sub-sector, should the need arise.

1.3.3 Provide Technical Assistance in Marketing

1.3.3.1: National Campaign to Support Berry Consumption

The Project will support the design and implementation of a national campaign to promote the health benefits, and to stimulate consumption, of fresh berries. This effort will be undertaken in cooperation with the national association(s) involved in berry fruit production, and the project will assist in the planning and implementation of the campaign to increase public awareness of recent scientific research and the findings regarding the health benefits of fresh berries. The campaign will target consumers in Serbia, and will consist of promotional events, participation at domestic trade fairs and/or exhibitions, and the production and distribution of promotional materials and product samples. It will be implemented on a national level, and will result in increased public awareness and increased consumption of fresh berries in Serbia. This activity will be conducted over the course of March to September 2010.

Expected results: One new national promotional campaign will be launched, two associations and a minimum of five businesses will be assisted, and \$100,000 of new revenues will be achieved within one year following the launch of the campaign.

1.3.3.2: Support Development of Fruits of Serbia Association

Over the course of Year Three the Project will support the transition of the Serbian Fruit website to the national association “Fruits of Serbia” via the SerbianFruit.com website. Through a set of activities implemented in years one and two, the Project has enabled a number of berry fruit businesses and producer organizations to develop their international contacts. In the coming months the Project will continue its assistance to clients with proven development capacities to increase their access to potential buyers through adding/posting/updating their company profiles on the website SerbianFruit.com, which is managed by the project. To ensure the sustainability of this powerful tool, in Year Three the Project will begin the transition of the site to the national umbrella association “Fruits of Serbia”. The Project will provide assistance to a competent ABDS provider(s) that can provide the association with the consultancy services and technical assistance needed to successfully take over the site and carry on with its maintenance, development and promotional activities. This effort will take place between January and August of 2010.

Expected results: One producer organization will be assisted to strengthen its internal management capabilities and to manage and use the Serbian Fruits web site. At least 20 individual companies will also be assisted in this effort.

1.4: Support Youth & Gender Involvement

1.4.1 Encourage & Support Youth Involvement in Berry Sector

1.4.1.1: Visit Ag Schools to Encourage Future Berry Growers

The Berry Fruit Sector Lead will make periodic visits to schools during the year to encourage youth involved with the Agribusiness Youth program to become involved in berry fruit production and processing. Presentations will be made on the new business opportunities, such as fresh berries for export, and the production of cranberries and blueberries, to attract young entrepreneurs and to inform them of business and employment opportunities in this sector. The Sector Lead will present the Value Chain Assessment findings, and newly developing opportunities, in both the local and international markets. The Sector Lead will also encourage the students to submit applications to

the Business Plan competition, apply for grants and/or technical assistance, and participate with the Project in other ways. Additionally, where sufficient interest is identified, young entrepreneurs will be included in sub-sector specific technical assistance and advisory services that can provide the most benefit to them. This activity will take place throughout Year Three of the Project.

1.5: Support Cross-Cutting Functions

1.5.1 Support the Project Grant Program

There are many individual companies in the berry fruit sector that are participants in Agribusiness Project grant programs. The Berry Fruit Sector Lead will continue to provide support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting and documentation on their grants. The Berry Fruit Sector Lead will also support the overall objectives of the grant program, and encourage and support sector clients to respond to grant programs as appropriate.

1.5.1.1: New Technology Grants for Berry Production

As was described in Section 1.1.1.2, above, the Project will offer matching grants to those clients that have developed their capabilities and are ready for the adoption of new technologies. Through the grant component the Project will assist eligible grantees to apply new technologies that will result in extending the production season, increase yields, and improve the quality and/or marketability of their products. In the fresh berry-fruit business new technologies include early/late production under poly-tunnels and glasshouses, the application of rain-caps and/or anti-hail nets, modified-atmosphere-packaging, and the completion of cold-chain and cooling/shipping units, etc.

Expected results: While exact numbers cannot be predicted, it is expected that three producer organizations and/or production companies will be assisted with the grant program. At least two new technologies will be applied, with added sales of \$300,000 being generated as a result of the new technology.

1.5.1.2: New Technology Grants for Processed Berries

Grants to apply new technologies - assist higher value-added products development. The Project will use grants to assist higher value-added products development within the berry fruit sub-sector. This assistance will be provided to growth oriented businesses to apply new production/processing technologies and/or upgrade existing value-adding processing technologies, develop new higher value-added fruit products (e.g., fruit purees and powders for food processors, freeze-dried berries, etc.), improve packaging and designs of existing products to meet new markets' requirements and speed up sales, etc. Project timeframe: Oct 2009 – Sep 2010

Expected results: Two producers/processers assisted, two new products introduced and/or existing products improved, \$200,000 of new berry fruit revenues generated, and six full-time jobs created within one year

1.5.2 Support Policy Reform Efforts

The Berry Fruit Sector Lead will provide support to Project efforts to implement technical assistance and training related to the new Safe Pesticide Use law.

1.5.2.1: Training on the Impact of UPOV Membership

The Berry Sector will organize a training workshop and/or seminar on the impact of Serbia's membership in the UPOV on local growers. Since the Law on protection of plant breeders' rights has passed the Parliament, Serbia has met the last formal condition to becoming a UPOV member which is expected to happen in fall 2009. With UPOV membership, plant breeders' rights will be

better protected and use of new varieties will be more strictly regulated in Serbia, which was not the case so far. To ensure the law's proper application and increase the awareness of this change in Serbia, the project will organize a one-day seminar that will enable both nurseries and fruit growers in Serbia to learn about new regulations, how to deal with intellectual property rights/royalties and use them to improve quality of planting material. The activity will be planned and implemented in cooperation with Serbian Ministry of agriculture, UPOV, Serbian Fruit Scientists' Society and involved national POs. Within this activity a grantee or an STTA hired by the project will prepare a guidebook that will be distributed to seminar attendees and afterwards to interested producers and nurseries. The seminar is tentatively planned for late fall 2009 or spring 2010, prior to or right after Serbia's expected official joining to UPOV. Project timeframe: Nov – Apr 2009

Expected results: At least five nurseries and 20 producers, with more than 1,000 members, will be trained on the impact of UPOV membership.

1.5.2.2: Support GlobalGAP Adoption by Berry Producers

As was described above, in Section 1.1.4.1, the Berry Fruit Sector Lead will provide support to the cross-cutting elements of the Project that are implementing the GlobalGAP international standards program. These include the Policy/Ag Info Specialist and the Grants Manager.

1.5.2.2: Support Other Standards for Fresh Berries

As was described above, in Section 1.1.4.2, the Berry Fruit Sector Lead will provide support to the cross-cutting elements of the Project that are supporting the adoption of other international standards by Project clients. These include the Policy/Ag Info Specialist and the Grants Manager.

DAIRY PRODUCTS – Year Three Activity Plan

The activities planned for the Dairy Products sub-sector generally fall within Component 1 of the original Project design. This can be summarized as events, activities, and programs which will support “Increased Efficiency and Competitiveness of Serbian Agribusinesses” within the Dairy sub-sector as defined in the VCA. These activities have been divided into various sub-categories, and these sub-categories have been used across the sub-sectors to provide consistency in Project planning and design. There are also activities which will be undertaken in Component 2 of the Project to “Improve the Enabling Environment for Serbian Agribusinesses” and these will be detailed in separate sections of the Workplan. The Sub-Sector Leads, and the activities and events they undertake will support, and contribute to, achieving the objectives of Component 2.

1.0: Introduction and Overview

The Value Chain Assessment and the Commodity Action Plan for the dairy sector highlighted the need to focus on medium scale dairies and to promote the production of high quality, specialty dairy products that have strong consumer demand in Serbia and the Balkan region. Developing regional niche markets will be a program priority in Year Three. The strategy centered on assisting a select group of medium scale dairies, and to use independent service providers (ABDS providers) to assist their farmer suppliers to increase the quantity and quality of milk production. Tied in with these activities the Project would also assist these dairies with their marketing and promotion efforts to get them into new domestic and international markets. These documents also emphasized the potential for the Agribusiness Project to collaborate, and cooperate, with other donor activities in the dairy sector.

Over the course of Years One and Two the Project has generally followed the strategy for the dairy sector that was set out in the VCA and the CAP. Efforts have focused on creating a favorable enabling environment for systematic changes within the sector, and the development of new distribution channels for Serbian dairies. The main activities from the Year Two Workplan that are still underway include finalizing the Dairy Farm Management Campaign, ISO 22000 certification, local and/or international market linkages, and ABDS capacity building. The program to introduce new dairy management software, and the marketing/packaging grants, are only now getting started. In summary, the main achievements in the dairy sector for Years One and Two are as follows:

- Dairies participated at the Novi Sad and Fancy Food fairs with great success
- One dairy signed a contract with Metro Cash & Carry for private label products
- Seven dairies have been linked with Montenegrin importers & traders
- Four dairies will receive grants for new dairy management software
- Five dairies will receive grants for the marketing & packaging grant program
- 50 dairy farms have completed the dairy farm management campaign
- Taurus AC developed and published the Dairy Farm Guide for Serbia
- Two dairies are in the process of completing ISO 22000 certification
- Dairies have contracted for \$2M in new sales, with \$2M under negotiations

The global financial crisis, and the cash-flow problems being experienced by supermarket chains, has forced dairies to postpone or reduce investment and/or expansion plans and focus on reducing costs, mainly through increased efficiency of the milk supply chain. This has affected dairy company plans to support suppliers in developing a quality milk supply. Also, companies looking

to explore new market opportunities are reluctant to spend scarce resources on developing these new market opportunities.

For Year Three the Agribusiness Project will continue with essentially the same strategy that was developed at the outset of the Project, with a shift of focus to the main policy and market issues, a focus on ABDS capacity building, and replication of the model activities developed in the first two years (ie: the Dairy Farm Management Campaign). Another focus will be on the creation of a national industry representative association, which will be supported to become fully operational by the end of the Agribusiness Project. The Association's mission will be to fill the gap and take active steps in addressing sectors weakness, and proposing regulations or actions with Ministry of Agriculture Forestry and Water Management. The Project will work to develop organization's functions so that it can promote the commercial and strategic interests of the sector, including linkages with similar international associations. Also, the project will work with dairies to ensure that the association reaches full sustainability in the closing stages of the Agribusiness Project.

The Agribusiness Project will continue to work on selecting the fairs with highest potential for the dairy sector, and facilitate the export certification process. The main markets in focus for this effort are regional markets, but significant efforts will be dedicated to opening market opportunities in Non-EU countries, primarily because of less strict import requirements. Of particular interest will be markets in moslem countries, where the application of Halal certification will be an issue. In Year Two the Project brought in a consultant to advise dairies on gaining Halal certification for their products, and this consultant will continue to advise and assist the Project with continued efforts in this area.

The Project will continue to support activities with Producers Organizations, individual Dairies, select ABDS companies, and registered commercial farm households, to address sector inefficiencies through STTA support, pilot programs, and other activities. These activities will be coordinated with relevant ministries, the USDA office in Serbia, and related EU projects for delivering practical solutions and certified trainings. These activities will focus on hoof treatment, mastitis prevention, improved feeding programs, farm and dairy plant waste management, the application of clean technologies and bio fuels, efficient farm facility program development, artificial insemination, and youth and/or school farmer programs.

1.1: Strengthen Producer Organizations in the Dairy Sector

1.1.1 Assist Farmer Groups to Transition to for-profit Cooperatives

1.1.1.1: Capacity Building Program for Dairy Farmer Coops

Farmers in Serbia have not yet developed a positive attitude toward forming groups and associating in a business like organization. Although trust among farmers exists, and it is a pre-requisite for sustainable producer grouping, farmers do not trust farmer associations and cooperatives as yet. Managerial and organizational constraints, membership structure, and limited dedication of the people involved, are considered to be the major reasons for this attitude.

Consistent with the Project's assessments of producer groups (PO) and the interviews that have been held, the Project's goal is to support farmers associations which are regional in scope, and that are committed to marketing member milk, providing member services in a cost-efficient manner, and building domestic and international opportunities that increase returns to the dairy farmer-members. The project will work with dairy associations such as: the Regional Dairy Association in Vojvodina, the Regional Association Jablanicki Simentalac, the Livestock association of Torlak, and the Sabac Livestock Association, etc.

Activity 1: Regional/National Dairy Associations and Service Development Training - The Project will work with Dairies, and ABDS providers, to select interested Dairy Associations which can be included in a capacity building program. The Project will hire an expatriate STTA consultant, preferably a US Dairy Association, and will collaborate with local ABDS providers (Taurus AC, Lucar Holstein Farms, etc) to provide a general workshop to interested associations on the functions of Dairy Associations and the services they offer to members. In addition, all interested associations will be part of the commercial service programs described in the activities included in the area: Improve farm-level and post-harvest productivity and quality. The goal of this effort is to train associations (Regional Dairy Association in Vojvodina, Regional Association Jablanicki Simentalac, Livestock association Torlak, Sabac Livestock Association) to gain new skills and to offer these services on a competitive bases to their members.

Expected results: At least 20 to 30 dairy association members will be trained, and 3 to 5 regional dairy associations, with more than 300 members, will receive assistance.

1.1.3 Improve Farm Level Productivity and Quality

The most critical factor in developing a competitive dairy sector, which benefits all sector stakeholders, is improved productivity and quality throughout the value chain. The lack of high-quality product at the farm level becomes the weakest link in an otherwise healthy value chain. Producer Organizations, ABDS providers, and the Dairy Sector Lead will work closely on the implementation of a technical assistance program, and the use of grant resources, aimed at improving productivity, reducing the cost of production, and increasing product quality and marketability. The ongoing Dairy Farm Management Campaign is one milestone of the systematic approach being taken to increase the value of on-farm milk production.

Farmers have very little individual leverage to increase the prices they are paid for their milk. The best strategy for on-farm wealth creation is through increasing farm productivity (outputs divided by inputs) by reducing costs, or increasing volume for the same costs. Key areas of focus for the Agribusiness Project will include farm business management, improved feed development, natural resource management, and vocational education and training. The core strategies in this area will include the following:

- Create better linkages between R&D, Extension/ABDS, dairy Pos, and registered dairy farms to increase the adoption of new systems, practices and techniques on-farm.
- Adopt a whole-farm business approach to improving farm margins.
- Improve the capability and capacity of managers for decision-making and business system operations at the farm level.

The Project will intervene in the following areas, using external technical experts and/or service providers, to work cooperatively with local ABDS providers and extension workers, to provide services on:

- Developing a mastitis prevention program which affects farm yields and animal health;
- Implementing a hoof treatment program, affecting farm yields and animal health;

1.1.2.1: Implement Mastitis Prevention Program

This program will be developed in coordination with a US Dairy industry expert (proposed consultant: Lindel Whitellock). The STTA consultant will deliver a general workshop for Dairy Cooperatives, Associations, and commercial dairy farms, on mastitis prevention in coordination with local ABDS Providers like Taurus AC, Lucar Holstein Farms, Vet Station Dragacevo/Guca. US Dairy expert will also develop a manual for Mastitis Prevention and deliver practical training on

Lucar Holstein Farm. All stages and results of the program will be compiled as a video material and disbursed to interested media for wider outreach by the project.

Expected results: At least 30 commercial dairy farmers and/or Producer Organizations, and ABDS providers, will complete this certified training. This will result in a 10% increase in sales, and an additional 10,000 dairy farms will be provided general education in this subject through mass media and the distribution of printed materials.

1.1.2.2: Implement Dairy Hoof Treatment Program

The Dairy Hoof Treatment Program will be developed by an expatriate (US or EU) dairy expert, and the program will be delivered in coordination with the local USDA office, and local Dairy companies, for local ABDS providers, Producer Organizations, and commercial dairy farms. The Hoof Treatment Program will be conducted on the Lucar Holstein Farm, in coordination with their dairy processor customer. All stages of the training, and the results of the program, will be compiled as a video and disbursed to interested media for wider outreach.

Expected results: At least 30 commercial dairy farmers and/or Producer Organizations and ABDS providers will complete the certified training, resulting in a 10% increase in sales. Up to 10,000 dairy farms will be provided with a general education in this topic through mass media and printed material distribution.

1.1.2.3: Dairy Farm Management Workshops

A Dairy Enterprise Financial, Profitability and Analysis Workshop will be delivered by a US expatriate STTA consultant (proposed consultant: Dr. Rick Costin, from Kentucky State University), and a local partner ABDS provider. This four day seminar will be delivered for Producer Organizations, commercial farmers, representatives from dairy processing client companies, and local ABDS providers for the dairy industry.

Expected results: At least 30 commercial dairy farmers and/or Producer Organizations and ABDS providers complete this certified training. An additional 10,000 dairy farms are provided with general education in this topic through media and printed material distribution.

1.1.3 Support Development of Dairy Processors Association

The Producer Organization training programs will provide the cooperative base for development, but are not enough for sustaining cooperative activities. Thus, the Dairy Sector Lead will, supported by Producer Organization Specialist, involve Cooperative specialists in the dairy technical capacity building programs aimed at developing activities/skills which are crucial in creating sustainable dairy cooperatives. These activities will be combined with activities in the ABDS component of the Project which will provide cooperatives with the necessary skills to develop new member services (Techniques for Artificial Insemination, Mastitis and hoof treatment, and a selection service program).

1.1.3.1: Ongoing TA/Training for Association Development

The Agribusiness Project will work to develop, and strengthen, national industry and farmers associations that advocate for change at the national level, and will work closely with relevant Ministries to assist in developing laws and regulations in the sectors that the Project focuses on that will promote further development of the industry as a whole. Currently, all regulations in the dairy sector are the result of MAFWM decisions which were taken without the inclusion of advice and comment from dairy industry representatives as an interested party. Thus, some of the regulations are not in the best interests of the private sector participants (ie: the milk payment scheme).

The Agribusiness Project has been working with domestically owned dairy plants on different levels, and the assistance and collaboration from the Project is increasing the level of mutual trust among them. As a result these dairies are now interested in addressing critical sector issues through an organized structure. Based on this, the Project will, in cooperation with the dairies and other interested parties within sector (such as Tetrapak, De Laval, Westfalia, etc) develop a Serbian National Dairy Processor's Association. The stages in this process will involve:

1. Bylaw development
2. Serbian Dairy Industry Association Program Workshop
3. Inauguration of the Association
4. School Dairy Program Campaign
5. Program Implementation

Dairies are aware of their organizational limitations, and they are ready to rely on the Project to provide support for them to get the association up to speed. This technical support program for the dairy association will be coordinated by the Dairy Sector Lead and an expatriate STTA consultant (to be determined) who will be involved periodically to address critical development issues. The Project will work with the members of Association to develop the organizational and management capacity of the organization. While the Dairy Sector Lead will be primarily responsible for the technical program of association development, logistical support for the legal structure will be provided by the Producer Organization Specialist.

Various government institutions (the Ministries of Agriculture, Health, and Education), and the Delegation of the EU, the Embassy of Sweden, UNICEF and Tetrapak Serbia have showed serious interest in implementing a School Dairy Program in Serbia, promoting dairy consumption and healthy diets, the Project will support the newly formed dairy association to take an active role in supporting this program. The Project will incorporate the School Milk Program activity into the Association's plan, and support a nutritional campaign and some project management costs.

Expected results: The Serbian Dairy Processor's Association will be legally registered and it will become an operational national industry association. The School Milk Program will be implemented as part of the association's program of activities, and 20 schools and 6,000 students will benefit directly from this program.

1.1.3.2: Capacity Building Grant for Dairy Association

As with other grant activities in the Dairy sector, the Dairy Sector Lead will support the Capacity Building grant program by working with the newly formed Dairy Processor's Association to apply for, and be awarded, a capacity building grant for the association. The Sector Lead will assist them in developing and preparing their grant application, and following award of the grant the Sector Lead will continue to provide Technical Assistance and other help, as needed, to the association to insure appropriate implementation of the grant.

1.1.4 Support for the International Standards Program

1.1.4.1: Support Dairies in GlobalGAP/ISO Program

In Year Three the Project will continue its ongoing international certification program, through selected dairy processing companies will be assisted to implement one of the standards required by their respective foreign markets: i.e. GlobalGAP, ISO 22000, or ISO 14000. These standards will serve as tools for these Project clients to improve their overall competitiveness, and to achieve new sales and higher margins in international markets. As was the case in Year Two, Project funds will be used to cover 50% of the cost related to consulting services for preparation, and up to 70% for

the certification itself. The Ag Info and Policy Specialist will be responsible for the management of this program, and the Dairy Sector Lead will provide ongoing support and assistance to the grantees to insure proper implementation of this program.

1.1.4.2: Assist Dairies to Achieve Halal Certification

A number of companies in the Dairy sector are interested in developing the markets in moslem countries as a new market channel for their products. In order to do this these companies need to have Halal certification for the products they plan to export. Over the course of Year Three the Sector Lead will continue to support and assist these companies in their efforts to implement Halal certification for their products. The Project will rely on the expat STTA consultant (Mr. Cedomir Nestorovic) to provide technical assistance to the dairies in this area. Mr. Nestorovic is also very familiar with the target markets for these dairy plants (mainly North Africa – Algeria, Libya and Egypt) and will assist as needed to help the companies explore and penetrate these markets. The Sector Lead will also provide support to client firms that apply for grants from the Project to support the adoption of the Halal standard.

1.2: Improve ABDS & Finance Service Delivery

1.2.1 Improve the Capabilities of ABDS Providers

The Project's ABDS delivery program, the Producer Organization component, and individual commercial dairy companies, will interact more closely in Year Three. The rationale is to involve both sides, in as many ways as possible, capacity building programs delivered by external dairy experts, ensuring that the increased interaction, and the follow up on implementation of the external assistance, will create new business services and clients at the same time. By nature, Producer Organizations, individual commercial dairy companies, and ABDS providers share the same topics, but on a different side of the table. Thus, most of specialized training events will feature common subjects, but also specialized programs for improving the capacity of ABDS providers.

1.2.1.1: Dairy ABDS Tour to the Czech Republic

The Dairy Sector Lead has planned an ABDS Capacity Building Study Tour to the Ministry of Agriculture's Dairy Extension Service in the Czech Republic. With this study tour the ABDS providers will see, and learn about, ABDS providers in the Czech Republic that support the dairy value chain. The program will include a visit to Genoservis – the leading private A.I. Center and milk recording ABDS service in the Czech Republic, and the group will visit three representative dairy farms, each of which has a production level of over 9,000 lit./cow.

Expected results: At least 10 ABDS service providers in the Dairy sector will be trained in new dairy technologies and the provision of AI services as a business.

1.2.1.2: Implement Linear Scoring Training Program

The Dairy Sector Lead proposes to implement a Linear Scoring and improved selection breeding program in the dairy sector. This program will be developed in three stages, and will rely on developments and research from the US Dairy industry. In order to improve genetics rapidly, cows should be scored and evaluated at least once a year. A new linear scoring methodology is part of the new Serbian Livestock Law. This assistance program will be developed in coordination with the USDA office in Serbia, the Serbian Livestock Department, and the Faculty of Agriculture from Novi Sad, Veterinary Institute, and the Ministry of Agriculture, Forestry and Water Management. The program will also involve a lead ABDS provider who will be implementing the selection programs in the field.

Advanced linear scoring methodology training will be implemented by a US expert and will target Regional Selection Service Providers, both state funded and private providers, dairy Producer Organizations, and commercial farms, in coordination with local dairies. There will be three regional training sessions of one day each, with at least 20 participants per session.

The selection breeding program will be implemented by the Veterinary Institute from Novi Sad in coordination with recognized ABDS providers and dairies. At least 30 pilot farms will be selected for this program, and the linear scoring method will be applied to their herds. The data generated will be combined with records from the selection services. Depending on the production goal for the animal – either cheese or fluid milk, each cow will be inseminated under the breeding program with three bulls being recommended for insemination. This program should lead towards increased milk production, and a minimized risk of inbreeding. The program will use advanced technology, and the Dairy Quest and MAP programs for improving genetic potential of herd.

Linear scoring and selection breeding program will be promoted among vital stakeholders to take the ownership and replicate the model. Relevant stakeholders are: the Ministry of Agriculture, Local Municipalities, Dairies, Producer Organizations, and ABDS providers.

Expected results: At least 60 Producer Organizations and commercial farm representatives, as well as ABDS providers, will be trained to implement the Linear Scoring system.

1.2.1.3: Specialized Training for AI Service Providers

The new Livestock Law ends the Veterinary Stations monopoly over on-farm insemination and genetic programs. This qualitative change now allows livestock technicians on commercial farms to be trained, and to perform on-time inseminations, while the Veterinary Stations have a supervising role in the process. However, in order for the technicians to perform this new function correctly, the Agribusiness Project will address critical issues by providing certified training for livestock technicians and private Veterinary Stations.

The program will be developed in coordination with the USDA office in Serbia, and the private A.I. Center Lucar Holstein Farms, as well as with lead ABDS providers involved in veterinary services, semen distribution and handling, and specialized agricultural media. The advanced certified training for A.I. will be implemented by a US expert, in coordination with local veterinarians. The training will be held in the first private A.I. Center - Lucar Holstein Farms in Deronje - and will be focused on commercial dairy farms, as well as ABDS providers that can deliver these services (private vet stations and semen distributors).

This will be a practical training program – a three day training session will be organized for 50 participants. All stages of the training, and the results of the program, will be compiled as a video and disbursed to interested media for wider outreach of the project.

Expected results: At least 50 Producer Organizations, commercial farm representatives, and ABDS service providers will be trained in improved AI service delivery.

1.2.1.4: Improve Dairy Genetic Service Delivery

Several stakeholders (Lučar Holstein Farms, Taurus Agro Konsalting, Vet. Station Vrsac, Guca, Maxi Farma, Serbian Holstein Association), as well as some of the Private Veterinary Stations, are seeking assistance in improving their marketing and distribution networks (both for quality semen tanks for storage and filling nitrogen, as well as, for equipment and software). An Agribusiness Project program will be developed in coordination with the USDA, and a technical expert from the

US will be brought in to advise and assist in the creation of the SDSPN (Serbian Dairy Service Providers Network). The US expert will develop a marketing and sales strategy, and promotional materials for the network. The Agribusiness project will provide support to the network, and cost share with network members for key technical equipment which will allow efficient service delivery in the field: (a) Specialized liquid nitrogen tanks with equipment to refill the tanks with genetic materials which have been stored on the farms, and (b) Palm held devices for field recording of selection measures data. The Network members will cost share with the Project by buying a vehicle for delivering the nitrogen on farms and buying the farm containers.

Expected results: A new ABDS network will be created for the provision of AI services to farmers. There will be a 20% increase in genetic material sales as a result.

1.2.2 Assist Clients to Access Financial Resources

The Dairy Sector Lead has not planned any specific activities or events related to improving access to financial resources for sector clients, but the Sector Lead will cooperate and coordinate with the ABDS & Finance Specialist on an as-needed basis to support cross-cutting efforts to facilitate access to credit and finance.

1.3: Support Sales & Marketing Efforts

1.3.1 Support Client Participation in Trade Fairs

The Marketing & Sales group has a five year goal to improve access to domestic and international markets for Serbian agribusinesses. As part of this effort the Agribusiness Project must address the Global Financial Crisis, which has resulted in severe cash-flow problems for the supermarket chains, and the resulting delays in payment to dairy processors. As a result these processors are seeking to expand into new international markets, including the ex-Yugoslav countries, and the countries that Serbia has Free Trade Agreements with, such as Russia, Belorussia, Turkey, and the CEFTA region. These dairies are also seeking to exploit the potential for expanding into Halal markets as well, should they be able to secure Halal certification for select dairy products.

1.3.1.1: Support Companies that Participate in Trade Fairs

The Marketing & Sales strategy is to create active preferences for Serbian dairy products in selected export markets. For that reason Dairy Sector companies are particularly interested in exhibiting in, or exploring, new markets potentials via trade fairs in the CEFTA countries (Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Moldova, Montenegro, Serbia), Free Trade Agreement countries (Russia, Turkey, Belarus), and the growing markets in Islamic countries. The actual participation by Dairy companies in international trade fairs will be determined on a case-by-case basis, depending on the appropriateness of the trade fair and the readiness of dairy client firms to make a commitment to sharing the cost of participation. The fairs that are most likely to be targeted by the dairy sector companies are as follows:

- > **Fairs in the CEFTA countries (Croatia, Macedonia, etc)**
- > **Fairs in FTA countries (Russia, Turkey, etc)**
- > **Islamic Market countries (Algeria, Libya, etc)**

1.3.2 Assist Clients to Undertake Trade Missions

As was the case in Year Two, the Agribusiness Project will offer selected client firms the opportunity to participate in international trade fairs on a “sales mission” basis. In this case the Project will support the cost of travel by representatives of these firms to the trade fairs, but these companies will not be exhibiting their products at the fairs. Most of these sales missions will be conducted within the context of Project participation at large international fairs, where the

participants will be able to assess market demand and competition, assess new technologies, and prepare for their own future participation at these fairs. The Sector Lead will assess, and recommend, client companies for these programs, and will conduct all follow up activities

1.3.3 Provide Technical Assistance in Marketing

1.3.3.1: Market Research and Studies for Dairy Products

Undertaking market research on trends in the dairy products market and merchandising, as well as understanding dairy consumption patterns in Serbia, will help with sector expansion, and assist dairy companies in responding better to consumer demands. The Dairy Sector Lead will assess the need for, and the practicality of undertaking, such a study and make a decision at some point during Year Three on proceeding with the study. Data gathered as part of such a study could help the Project identify new opportunities for assistance to the Dairy sector, particularly with regard to the types of products offered and the packaging and labeling being used.

1.3.3.1: National Campaign for School Milk Program

As was mentioned previously, the Agribusiness Project has held extensive discussions with TetraPak Serbia regarding collaboration on the implementation of a School Milk Program in Serbia. This program is viewed as an excellent means of educating the public regarding the nutritional benefits of milk and creating new, life-long, dairy product consumers. The Agribusiness Project will support the development of this program, via support to the to be formed National Dairy Processors Association, which will implement direct assistance for the program.

1.4: Support Youth & Gender Involvement

1.4.1 Encourage & Support Youth Involvement in Dairy Sector

1.4.1.1: Visit Ag Schools to Encourage Youth in Dairy Farming

The Dairy Sector Lead will make periodic visits to ag schools during the year to educate interested students regarding the production system for milk and dairy products in Serbia. He will encourage the youth to become involved with the Agribusiness Youth program, and to consider dairy farming or dairy processing as a good opportunity for employment, or new business creation. Presentations will be made on business opportunities in the sector to attract young entrepreneurs, and to inform them regarding the sector. The Sector Lead will also encourage the students to apply for grants and/or technical assistance, and participate with the Project in other ways. Additionally, where sufficient interest is identified, young entrepreneurs will be included in sub-sector specific technical assistance and advisory services that can provide benefits to them.

1.5: Support Cross-Cutting Functions

1.5.1 Support the Project Grant Program

There are many individual companies in the Dairy sector that are participants in the Agribusiness Project grant programs. The Dairy Sector Lead will continue to provide support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting on their grants. The Dairy Sector Lead will also support the overall objectives of the grant program and encourage and support sector clients to respond to grant programs as appropriate.

1.5.1.1: New Technology Grants for on-Farm Production

The Agribusiness Project will implement a grant program to support the implementation of new technologies in each of the target sectors. The Dairy Sector Lead will work with the Grant Manager, and the more progressive commercial dairy farms in Serbia, and seek out opportunities for grants to support new technologies in this element of the sub-sector.

1.5.1.2: New Technology Grants for Dairy Processing

As with the opportunities for new technology grants at the production level of the sector, the Dairy Sector Lead will also work with the more progressive dairy processing companies in the sector, and seek out opportunities for the implementation of grants to support the adoption of new technologies at the processing level of the industry.

1.5.2 Support Policy Reform Efforts

In the course of policy reforms, drafting or amending appropriate legislation is just one activity related to the full implementation of a reform. For example, the currently applied Veterinary Law prescribes that inspection and control of imports will be conducted based on a risk assessment process. In practice, each individual shipment is being tested, since there is no system or network to connect the border posts with a central service that would operate a database with all the relevant information for administering imports. In addition, establishing an information network that would link all the relevant inspection services within the MAFWM is essential. The USAID Agribusiness Project will work with the MAFWM to identify, and assist with, removing obstacles in the policy implementation in this area, and encourage European Union projects to take a more active role in removing this constraint through technical assistance, or purchasing equipment.

1.5.2.1: Support Implementation of the Food Safety Law

The new Food Safety Law has serious implications for local dairy processors, mainly those produced at the household level and sold in green markets or to the HoReCa sector. The Law imposes a certain level of food safety, and quality standards, that individual farmers have to meet, otherwise they will not be able to sell, even in green markets. Most of the producers of Sjenica cheese, Svrlijig Kackavalj, Zlatibor kajmak and pepper in cream ... are not familiar with the new law. In order to protect and promote the unique qualities of traditional Serbian dairy products, the Agribusiness Project will work with the Ministry of Agriculture, Forestry and Water Management (MAFWM) to launch a campaign which would allow 10 to 20 pilot dairy processing plants to be developed, equipped, and certified by the Veterinary Department of the MAFWM.

1.5.2.2: Assist Implementation of the Livestock Law

In Project Year Two, the General Inspectorate and Veterinary Directorate asked the Agribusiness Project for support to address some of the critical aspects of newly adopted laws. The Inspectorate is interested in providing information on the MAFWM activities in the field related to the implementation of new laws, but also on initiating tailor made workshops related to new laws. These Project activities will be implemented in coordination with the USDA office in Serbia, and will include workshops, feasibility studies, and possibly a study tour.

LIVESTOCK – Year Three Activity Plan

The activities planned for the livestock sub-sector fall within Component 1 of the original Project design. This can be summarized as events, activities and programs which will support “Increased Efficiency and Competitiveness of Serbian Agribusinesses” within the livestock sub-sector as defined in the VCA. These activities and events have been divided into various sub-categories, and these sub-categories have been used across the sectors to provide a consistency in Project planning and design. There are also activities which will be undertaken in Component 2 of the Project to “Improve the Enabling Environment for Serbian Agribusinesses” and these will be detailed in separate sections of the Workplan. The Sector Leads, and the activities and events they undertake will support, and contribute to, achieving the objectives of Component 2.

1.0 Introduction and Overview

The livestock Value Chain Assessment and the Commodity Action Plan completed at the start of the Agribusiness Project identified the failure of Serbia to fulfill its export quota for beef to the EU as the key opportunity for expansion and growth in the sector. Serbia has not been able to achieve the level of exports that are available under the quota because of low herd numbers in the country, poor production systems, and continued smuggling of animals to Bosnia and Croatia. Accordingly the Project adopted a strategy of focusing on the medium scale fattening operations to help them improve the quality of their animals and to expand their herds. In parallel with this effort the Project would select a few key slaughterhouses to assist them to improve their operations and to establish more direct links with the farms receiving assistance from the Project.

Year Two in the Project was marked by the arrival of a new Sector Lead, which resulted in a work gap of several months. With the arrival of the new Sector Lead, the sub-sector strategy developed during Year One was reviewed and adapted based on new developments in the sector. During this period, the list of Project beneficiaries and partner companies was re-evaluated, and new ones have been added (including meat packers and processors, ABDS providers, and government & scientific institutions). The Sector Lead also conducted an extensive series of field visits, and met with and interviewed key players in the sector to gain a better understanding of the challenges in the sector. The purpose of this effort was to thoroughly understand the value chain in a short period of time, and to confirm, or identify new, points of leverage for the livestock sector.

This process was followed by a fast start implementation of the revised strategy. The main issues identified as hindering the progress of the livestock sector (low herd numbers, limited incentives for fattening operations, as well as poor linkages between stakeholders) continued to be the target for Project activities. The Sector Lead brought in two expatriate consultants early in the process to address problems related to primary production (bull fattening operations), and to design strategies for strengthening the linkages between stakeholders within the sector. A special emphasis was placed on capacity building for ABDS providers within the sector, namely veterinary services, livestock consultants, laboratory facilities, and veterinary drug distributors. In addition, the promotion of value-added products within the livestock sector was incorporated into the sector strategy. A number of companies from the livestock sector, including ABDS providers, are also participating in the International Standards grants program, the Marketing and Promotional activities grant program, and the Business Skill Improvement program.

Three livestock companies (Turkovic from Sjenica, Delikos from Sopot, and Big Bull from Bacinci) participated at the Novi Sad Agricultural Fair, and at the IFE London Fair, with Project assistance. Another aspect of assistance during Year Two was the emphasis placed on collaboration

with other organizations and donors, in particular with the USDA office in Serbia and the USAID Competitiveness project. With the USDA the Agribusiness Project jointly organized a workshop on the application of HACCP principles at the farm level. With Competitiveness the Agribusiness Project has collaborated on an assessment study on the availability of slaughterhouse waste for use in an alternative energy project.

Over the course of Year Three the Project will continue to provide support to the Serbian beef value chain, and the promotion of beef exports. However, because of specificity of this subsector, the time needed to resuscitate it and rebuild herd numbers, and the lack of governmental support (national strategy, subsidies, etc) that is critical for development the subsector, the Project will not dedicate all of its efforts to the beef value chain alone. The Project's main goal during Year Three in the livestock sector is to assist a minimum of five medium to large scale beef value chain stakeholders (both producers and processors, mainly export oriented) to improve their productivity, and to strengthen the linkages between different groups within the value chain.

A second element of the Year Three strategy for the livestock sector will be a focus on pork production. Two major factors are currently hindering further development of this sector: (1) the policy regarding vaccinations against Classical Swine Fever at the national level, which is preventing Serbian producers from exporting pork to most countries, and (2) the relatively low quality of the Serbian genetic base, which results in a low meat percentage on the carcasses, and an inadequate raw material quality. Balancing these negative factors, Serbia has a long history of pork production and this commodity is highly appreciated both by consumers in Serbia and throughout the region. The Project strategy in the pork industry will be to target selected stakeholders, mainly medium to large scale slaughterhouses, Producer Organizations, and ABDS providers dealing with genetic improvement. Cooperation with the MoA's Veterinary Directorate will be strengthened in order to speed up the process of resolving the question of animal health restrictions, which are significant trade barriers, specifically the classical swine fever issue.

A third element of the Livestock Sector strategy will be the provision of assistance to selected meat processing companies, which specialize in producing value-added meat products. The Project will work on improving their technical capabilities, and their market linkages, through STTA consultants and the grant program. In order to achieve the highest possible impact, and to capitalize on emerging opportunities, the Project will also work with stakeholders of from other elements of the livestock sub-sector, such as poultry and fish processing companies on case-by-case basis, and in particular those with substantial growth and export potential.

1.1: Strengthen Producer Organizations in the Livestock Sector

1.1.1 Strengthen the Beef Production Value Chain

In order to provide an answer to the question "How can various groups within the beef value chain (i.e. breeders, feeders, processors) increase demand for and value of their products over the next years?" the Project will focus its efforts on promoting and implementing the concept of an integrated marketing system within the beef value chain. This means building upon consumer demand, and adding value to products provided by each for the elements in the value chain, through sharing information and increasing collaboration between stakeholder groups. As in other sectors, one of the main factors hindering development is the lack of information exchange and long-term contracting, mainly between producers (farmer groups, feedlots) and processors (slaughterhouses). The Project will work on determining demand drivers for these stakeholders and bring them together for training and discussions to help speed up this process.

1.1.1.1: Training on Beef Quality Assurance (BQA)

At the producer level the Project will organize training sessions for stakeholders on Beef Quality Assurance (BQA) systems. The BQA system is a program which provides guidelines for beef cattle production, and it raises consumer confidence through the use of proper management techniques at the farm level, and it includes a commitment to quality within every segment of the beef industry. This is a relatively new concept for Serbian producers and processors, but when enforced correctly, it leads to an improved value added beef product, better client confidence, and an increase in revenue for those implementing the assurance scheme.

An American STTA consultant, with extensive experience in BQA system application, will be selected to prepare educational materials and to conduct training sessions, in partnership with relevant local ABDS providers, for Project clients in Serbia. These sessions will cover a series of topics: disease prevention (including vaccinations), the correct usage of antibiotics, farm record keeping, animal handling, and will be aimed at showing the positive economic impact of the BQA system for different tiers within the value chain. The target stakeholders will include producer organizations, and their representatives (such as ZZ Ratar, ZZ Raška, ZZ Valjevo, the Cattlemen's Association of Gradina, Farma Lazarević MS), and the larger independent beef cattle farmers (in particular the group of Simmental breeders in the Kruševac region), ABDS providers (veterinary stations My Vet, Dragačevo Vet, Vetapan, Veterinary Institutes, veterinary drug distributors (Marlo Farma, Pfizer) and slaughterhouses (Pantomarket Stočar, KIM Export, Divci, Stočar LSB, Kolbis, Farmex). There will also be cooperation with the MoA and the USDA office in Serbia.

As a follow up to this activity the Project will conduct: regular monitoring of the changes implemented at the farm level, and a measurement of the economic impact over time. The most dedicated farm implementing the system will be selected by the Project, and promoted as a good role model for other farms, and rewarded through additional media promotion and a possible study trip for the farm management in Year Four.

Expected results: Short term results – five Producer Organizations and/or five of the larger beef farmers, five ABDS providers and three slaughterhouses will be trained on the advantages of the BQA program. Because of the specificity of the production system, it will be possible to measure medium and long-term impact after a six month, or one-year period. These impacts will include – better cooperation between producers and processors, increased sales for producers, an increase in the numbers of high-quality premium cattle slaughtered in participating meat plants, and increases in meat plant income due to premium prices.

1.1.4 Increase Competitiveness of Individual Firms in the Sector

1.1.2.1: Upgrade Food Quality & Safety Standards in Firms

The Project will assist slaughterhouses and selected meat processors to upgrade their food safety and quality standards. The number of officially registered slaughterhouses in Serbia currently amounts to around 1,200 plants. Out of this number, relatively few meet the requirements prescribed in the legislation regarding slaughterhouses, and can adequately satisfy the legal food safety and quality standards for their operations. Consequently, there is a limited number of export-approved slaughter establishments, and out of those, only six (as of December 2008) are EU export approved. This is a severe limiting factor to further growth of the sector which contributes to limiting the export opportunity for meat companies in Serbia.

The Project will provide selected slaughterhouses/meat processing plants with assistance in upgrading their food safety and operational standards, through direct collaboration with local ABDS providers. Technical assistance will cover issues such as food safety, certification, waste

management, and strategic and operational management. The ABDS providers that will provide direct technical assistance at the processing level will be selected through public bid competition, as will the slaughterhouses/meat plants who will be the participants in the program. This activity will be coordinated with the Veterinary Directorate, as this is the GoS body in charge of issuing export approvals and setting the requirements that need to be met by processing facilities.

Special attention will be paid to coordination with the USDA office in Serbia, with the aim of speeding up the procedure for obtaining US market export approval for selected Serbian meat processing plants. Selected local ABDS providers will provide a series of class-room trainings for the selected meat plants, followed by targeted on-site assistance to these plants, which will be tailored to companies individual needs.

Expected results: Increase in number of export approved slaughterhouses/meat processing plants (at least three will get export approvals), an increased level of productivity, and additional sales of their products. The demand for related ABDS services will be increased, and there will be a more effective implementation of relevant food safety standards.

1.1.2.2: Assist Firms Adopting International Standards

Similar to the Year Two program, in Year Three the Project will use the grant program to assist selected firms with the implementation of relevant international standards, such as ISO 22000, ISO 14001, Halal, Kosher and others needed by the target international markets. Project support will not target those standards considered to be “legal minimums” but will target those standards that will increase the overall market competitiveness of the companies involved in regional and global markets.

Expected results: At least five meat plants will have implemented, and become certified, with international standards not applied previously; these firms will increase their sales values due to better market competitiveness.

1.1.2.3: Support Livestock Firms in the Marketing Grant Program

Similar to program undertaken in Year Two, the aim of this activity will be to assist agricultural firms to add value to their products, to better advertise and publicize their products and services, and to enhance communication with their buyers and/or customers. Companies that participated in the Year Two program, such as Delikos, Big Bull, Agroživ and Nucleus Centar, have projected that the impact of this assistance will amount to around \$2.6M, and that 12 new jobs will be created. These impact figures, as well as the large number of companies that initially expressed interest in the program, have lead to the conclusion that this program should be repeated in Year Three.

Expected results: Participating companies will have an improved position in their markets, and they will derive increased revenues following this Project assistance (at least five new companies). There will also be an increase in ABDS provider revenues as well.

1.1.3 Strengthen Producer Organizations in the Value Chain

1.1.1.1: Training Program for Cooperatives & Associations

The Project will assist livestock cooperatives, and farmer associations, to upgrade their organizational and management capabilities via a training program specifically targeted for cooperatives. The Project will work with existing Producer Organizations involved in cattle and pig production, and increase their management capabilities and improve their technical skills. Two specific types of capacity building training events will be undertaken for this purpose. A generic business training program will be provided to cooperative managers – with the expected

participants from the livestock sector being: ZZ Valjevo, ZZ Ratar, ZZ Rača. As a compliment to this training, there will also be in-depth training programs tailored for the high performing cooperatives – with the expected participant from the livestock sector being Agronor cooperative.

1.2: Improve ABDS & Finance Service Delivery

1.2.1 Improve the Capabilities of ABDS Providers

ABDS providers represent a vital element of the Livestock Sector, and they can play a key role in the overall development of the industry. The Project will continue to build on the existing network of veterinary service providers, genetic material suppliers, feed producers, extension workers, advisory service providers, and others. By improving these ABDS providers' capacities, and working towards making their services sustainable and building market demand for them, the Agribusiness Project is significantly contributing to sector growth, to the benefit of ABDS providers and firms and/or cooperatives as well.

1.2.1.1: Training to Improve AI Service Success Rates

Improving herd conception rates will dramatically increase the number of animals available for feeding, slaughter, and export. Cattle conception rates in Serbia are currently very low in comparison to those in the EU, the US, or even other countries in the region, and are estimated to be at around 65% at the national level. These low rates are due to delays in initiating AI services after the farmer observes the “standing heat”, and by delays in getting qualified AI professionals to the farms in time to administer service before the end of the estrus cycle. Another contributing factor is also the inadequate insemination techniques which are practiced in Serbia. With the adoption of the new Livestock Law in June 2009 a larger number of technical personnel are going to be allowed to provide AI services, and this has created an opportunity for training services.

The Agribusiness Project will identify, and bring in to Serbia, an experienced Artificial Insemination consultant from the US to work with local ABDS providers (providers of AI services). The local service providers that will take part in this Training Of Trainers (ToT) Program will include: veterinary stations (selected according to the regional distribution principle), genetic material suppliers (Semex, AI centers Velika Plana, Krnjača, Lučar Holstein Farms), individual farms and Producer Organizations (PIK Bečej, PIK Zlatibor, Farma D, Kuč Kompani, Topola Cattlemen Association, Simmental Breeders' Association) and relevant private advisory service providers (Taurus, Agrarkontakt). The ToT program will be designed in collaboration with the MoA, representative local AI service providers, and relevant university/scientific institutions (Veterinary Faculty, University of Belgrade and Veterinary Scientific Institute Novi Sad), in consultation with the selected STTA consultant. This activity will support implementation of the recently adopted Livestock Law, with the aim of designing a certified training program for AI and helping to expand the number of service providers eligible to perform AI services.

Particular attention will be paid to using the services of local private genetic material suppliers, and the promotion of non-government owned service providers that have can make the provision of AI services more market competitive. In addition, the Project will consider sharing information about, and promoting the heat synchronization process, a practice not widely used in Serbia that could greatly increase the success of AI services. This activity will be undertaken in cooperation with genetic material companies, and veterinary drug distributors.

Expected results: The ToT program designed in collaboration with the MoA, will increase the AI success rate during the course of Year Three, and will be measured on a targeted number of stakeholders (farms or cooperative/association members). At least 20 ABDS service providers will be trained, and experience an increase in their revenues based on improved performance in the

delivery of AI services and a better understanding of the business aspects of this type of service provision..

Note: This activity will be conducted in close collaboration with the Dairy Sector Lead, and special attention will be taken so as not to overlap activities, but to focus the joint efforts on achieving results common to both the livestock and dairy sectors.

1.2.1.2: Improve Service Delivery by Feed Companies

Properly balanced animal feed ratios are crucial to good herd performance, and overall livestock farm competitiveness. Under current circumstances, a large portion of the feed market remains untapped by feed manufacturing companies, which allows poor quality feed mixtures to enter the food chain. The consequences of this situation include: low quality feed which lowers the farm yields, compromised animal health, higher costs for veterinary drug use, problems with conception, and a risk of biological and/or chemical hazards entering the meat and dairy production chains.

The Project will work on enhancing level of the services provided by professional feed companies, through direct work with major feed industry representatives and other stakeholders – farms, Producer Organizations, and slaughterhouses. The goal of this effort will be to promote wider usage of commercial, adequately balanced animal feed ratios, and in this way to support the development of the animal feed industry as ABDS providers for the livestock and dairy sectors. This effort will also increase the quality and competitiveness of meat production at the farm level, and the quality of the final products at the slaughterhouse/processor level. Specific activities that the Project will undertake in this sector include:

> Feed Producers & Users National Conference

The Project will organize a conference, which will include the feed companies' representatives (Sto Posto, Gebi, Vet.Zavod Zemun, Vet.Zavod Subotica, Jabuka, Nutriko, Magnavita), Producer Organizations, and the larger farm and slaughterhouse representatives (ZZ Ratar, Pantomarket Stočar, Kotlenik, IM Đurđević, Big Bull, Carnex, Divci, Neoplanta). This activity will provide a platform for the feed companies to address their common marketing issues, and to increase demand for their products in the Serbian market. Topics for discussion will include: raw material availability, the lack of quality control for products on the market, the potential for companies to specialize in certain subsectors (e.g. premix production), the potential to form a feed industry association or cluster, the partnership with governmental bodies, the demand for quality meat products, and potential cooperation with the raw material users – ie slaughterhouses.

> Expat STTA and Other Project Activities

The conclusions and actions points generated by the conference will be elaborated further, and the selected ones will be implemented through grants, STTA consultants, or other project activities. These may include, but not be limited to: formation of an association or cluster, promotion of usage of adequate feeds at the farm level, strengthened cooperation between the feed industry and slaughterhouses, the participation of feed companies in the BQA program, and others. In addition, the Project will provide technical support to selected feed companies in order to assist them to increase their competitiveness, and lead to better production results at farm level. This activity may include: providing STTA assistance to a group of companies on proper feed mix formulations, or the usage of novel technologies in feed preparation, and assistance in procuring modern feed composition software.

Expected results: The Conference will include 15 to 25 sector participants, including the feed industry, farms and/or Pos, and slaughterhouse representatives. Over the period of one year

following the conference the expected results will include: an increase in market share by the feed companies of 5%, leading to additional revenues for ABDS providers.

Note: This activity will be conducted in close collaboration with the Dairy Sector Lead.

1.2.2 Assist Clients to Access Financial Resources

The Livestock Sector Lead has not planned any specific activities or events related to improving access to financial resources for sector clients, but the Sector Lead will cooperate and coordinate with the ABDS & Finance Specialist on an as-needed basis to support cross-cutting efforts to facilitate access to credit and finance. One area where access to finance may be a critical issue for Project clients is in the purchase of feed and/or other technical inputs (AI services, veterinary services, etc). The Sector Lead, in coordination with the ABDS/Finance Specialist will assess the need for intervention in this area and plan specific interventions related to access finance should it become apparent that this is a limiting factor on the use of these services.

1.3: Assist Client Firms with Support for Sales & Marketing Efforts

1.3.1 Support Client Participation in Trade Fairs

1.3.1.1: Support Livestock Firms at International Trade Fairs

During Year Three the Project will continue to provide partial support for the participation of client firms from the livestock sector at international trade fairs and exhibitions. The Project will continue to work with individual sub-sector stakeholders, and related industry associations, as leverage points to organize exhibitions at trade shows for their members. All participants, especially new ones, will receive training and consultancy services related to preparations, exhibition, and negotiation both during and after attending a fair. At least five client companies will exhibit at the fairs selected for participation by Project clients. The marketing and sales team will be responsible for the overall organization of the fairs, while the Sector Lead will recommend clients for participation and work on follow up activities.

1.3.2 Assist Clients to Undertake Trade Missions

1.3.2.1: Organize Sales Missions to Selected International Fairs

As was the case in Year Two, the Project will offer selected client firms the opportunity to participate in international trade fairs on a “sales mission” basis. In this case the Project will support the cost of travel by representatives of these firms to the trade fairs, but these companies will not be exhibiting their products at the fairs. Most of these sales missions will be conducted within the context of Project participation at large international fairs, where the participants will be able to assess market demand and competition, assess new technologies, and prepare for their own future participation at these fairs. The Sector Lead will assess, and recommend, client companies for these programs, and will conduct all follow up activities

1.3.3 Provide Technical Assistance in Marketing

Access to relevant and timely information is critical for any successful business development and decision making. Information on domestic and regional market trends, as well as on new, potential target markets (Russia, the Middle East, and the EU) can be vital for the expansion of, and further growth for, the livestock sector. The Project’s role in this area will be to make some of this information available to key sector stakeholders.

1.3.3.1: Support Client Firms in the Marketing Grant Program

During Year Two the Agribusiness Project implemented a grant program to support client firms in the introduction of new packaging, labeling and promotion for their products. A number of firms in the Livestock sector have applied for these grants, and it is expected that they will be awarded

grants to support this activity. Over the course of Year Three the Livestock Sector Lead will work with the grantees in her sector and support their implementation of the marketing & promotion grant program. In this effort the Sector Lead will coordinate and collaborate with the Grant Manager and insure that the programs are implemented effectively by each grantee.

1.3.3.2: Conduct Meat & Meat Products Market Survey

Undertaking market research on trends in the meat and meat products market and merchandising, as well as meat consumption patterns in Serbia, will help sector expansion, and assist companies in responding better to consumer demands. Such a study would also assist the companies to adjust their packaging and marketing principles, and will lead to enhanced overall sector competitiveness. Additionally, data gathered via this study will help the Project identify gaps and potentials more precisely, and to carefully design future activities within the livestock sector. This activity will take place in two stages:

Stage 1: A local STTA consultant will be contracted to conduct field market research on a targeted group of medium scale meat processing companies. The focus of this effort will be placed on assessing these companies' capabilities, the standards they have implemented, their marketing and merchandising skills, and their potential for improving their skills and processes.

Stage 2: A local marketing service agency will be contracted to conduct consumer oriented market research, exploring consumer trends and preferences related to meat and meat products (at the national and/or regional level). The findings of this research effort will be presented to the meat processors, and other stakeholders, and will be made available for their use in revamping their market strategies and adjusting their marketing approaches. In addition, the findings will provide the Project with a clearer picture of the market situation for meats and meat products, and it will help the Sector staff to design programs for the remaining years of the Project.

Expected results: Better information on market conditions for meat and meat products, and the possibility to develop targeted interventions for client firms based on the findings. This study will also allow the Project to create tailored technical training and assistance, or other forms of Project assistance for this sector.

1.4: Support Youth & Gender Involvement

1.4.1 Encourage & Support Youth Involvement in Berry Sector

1.4.1.1: Visit Ag Schools to Inform Students Regarding Livestock

The Livestock Sector Lead will make periodic visits to ag schools during the year to educate interested students regarding the production system for livestock in Serbia. She will encourage the youth to become involved with the Agribusiness Youth program and to consider livestock as a good opportunity for employment, or new business creation. Presentations will be made on business opportunities in the sector to attract young entrepreneurs, and to inform them regarding the sector. The Sector Lead will also encourage the students to apply for grants and/or technical assistance, and participate with the Project in other ways. Additionally, where sufficient interest is identified, young entrepreneurs will be included in sub-sector specific technical assistance and advisory services that can provide benefits to them.

1.5: Support Cross-Cutting Functions

1.5.1 Support the Project Grant Program

There are many individual companies in the vegetable sector that are participants in the Agribusiness Project grant programs. The Vegetable Sector Lead will continue to provide support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting on their grants. The Vegetable Sector Lead will also support the overall objectives of the grant program and encourage and support sector clients to respond to grant programs as appropriate.

1.5.1.1: New Technology Grants for Livestock Production

The Agribusiness Project will implement a grant program to support the implementation of new technologies in each of the sectors. The Livestock Sector Lead will work with the Grant Manager, and the more progressive animal production companies in her sector, and seek out opportunities for the implementation of grants to support new technologies in this element of the sub-sector.

1.5.1.2: New Technology Grants for Meat Processing

As with the opportunities for new technology grants in the production element of the sector, the Livestock Sector Lead will work with the more progressive meat processing companies in the livestock sector, and seek out opportunities for the implementation of grants to support the adoption of new technologies in the meat processing end of the industry.

1.5.2 Support Policy Reform Efforts

The main policy related issue that concerns the livestock sector is the issue of the smuggling of animals to Bosnia and Croatia, which results in a reduced level of animal numbers available for sale and slaughter in Serbia. The Sector Lead will continue to work with the Policy and Ag Info Specialist on the issue of livestock registration, which could serve to limit the smuggling of animals out of Serbia, and the Sector Lead will also collaborate with the Policy and Ag Info Specialist on any other legislative or regulatory areas that could limit the smuggling of animals.

1.5.2.1: Provide TA to the MoA on Swine Fever Eradication

As was stated earlier, there are two main factors hindering further development of the Serbian pork industry: the quality of the animals and the animal health trade barriers which prevent the export of Serbian pork meat. In order to address the latter, the Project will cooperate with the Veterinary Directorate to work towards resolving the current unfavorable status of Serbia related to the vaccination against Classical Swine Fever, and the ban on imports of Serbian pork meat by the EU, and some of the regional countries. The potential solution to the problem may include the gradual compartmentalization of the national territory, and the implementation of vaccination policies, leading to disease eradication. This is a long-term process, whose full effects could not be expected to be seen before the completion of the Project. However, because of the significance of the anticipated results, both for the Government of Serbia, and for the private sector (producers and processors), targeted Project interventions in this field would be particularly beneficial to overall livestock sector development.

An expert STTA consultant (either from the US or the EU) will be identified to work with Serbian Ministry of Agriculture experts on policy measures that will help mitigate the effects of the current vaccination policies against CCF, and ultimately bring vaccination to an end and open up new opportunities for Serbian pork meat exports. This activity will be conducted in close coordination with the USDA office in Belgrade, and with any existing EU-funded projects operating in Serbia dealing with similar issues.

Expected results: Long-term impact – opening of the possibility for the export of Serbian pork and pork products to the EU and other countries.

1.5.2.2: Support Intl Standards Adoption by Livestock Firms

During Year Three the Project will continue the international certification grant program, and it is expected that a number of livestock sector firms will apply, and receive assistance, in implementing international standards for their production and/or processing facilities. These standards will serve as tools for Project clients to improve their overall competitiveness, and to achieve new sales and receive higher margins in both domestic and international markets. As in Year Two, Project funds will cover 50% of the costs related to consulting services to prepare for certification, and up to 70% of the cost for the certification process.

1.5.2.2: Support Other Standards applicable to Meat & Livestock

The Sector Lead will also assist clients with other sub-sector, and/or market specific, certifications that would result in improved access to new markets for Serbian value-added livestock products. As with the GlobalGAP and ISO standards program, Project funds will cover part of the costs related to consulting services to prepare for certification, and then part of the certification costs.

HERBS & MUSHROOMS – Year Three Activity Plan

The activities planned for the Herb & Mushroom sub-sector fall within Component 1 of the original Project design. This can be summarized as events, activities and programs which will support “Increased Efficiency and Competitiveness of Serbian Agribusinesses” within the sub-sector as defined in the VCA. These activities and events have been sub-divided into various sub-categories, and these sub-categories have been used across the sub-sectors to provide a consistency in Project planning and design. There are also activities which will be undertaken in Component 2 of the Project to “Improve the Enabling Environment for Serbian Agribusinesses” and these will be detailed in separate sections of the Workplan. The Sub-Sector Leads, and the activities and events they undertake will support, and contribute to, achieving the objectives of Component 2.

1.0 Introduction and Overview

The initial Value Chain Assessment, and the related Commodity Action Plan, for the Herb & Mushroom sector had an initial focus on wild mushrooms which are collected by independent agents around the country, and then bought and processed by a large group of private firms. Most of these mushrooms are exported to the EU, mainly Italy, and as the Project got underway almost all of them were sold as a bulk product. The strategy adopted by the Project for the Herb & Mushroom sector was to assist these firms to move away from the bulk sale of their products, and emphasize exports of retail packed products, which attract higher prices and which have a higher value-added by the domestic producers.

During the first two years of the Project the focus within this sector has been on the wild mushroom stakeholders, and the strategy of gradually shifting the volume of sales from bulk to retail. With Project assistance, approximately 15% of the wild mushrooms which were previously sold as bulk product, are now being sold for the retail market. Igda and Marni have become sector leaders in the retail sale arena, based on assistance from the Project, through building export market linkages, and increasing the sale of value added products. In effect, these companies have “graduated”, so the focus on mushroom companies in the future will shift to other companies willing to pursue the retail market, such as Jurofungo, Interfood 60, BMD, Fungojug, and Strela, etc. While the wild mushroom group has established good forward momentum, there is still a lot of room for shifting from bulk to retail. Serbia has yet to take full advantage of the opportunity to export high value final products, and the Year Five goal for the Project is to have the retail market account for 35% to 40% of the wild mushrooms previously sold as bulk.

Project assistance to herb companies has been on an ad-hoc basis so far, and has consisted of assistance to individual companies without a clear strategy. The main activities have been participation in international fairs, assistance to improve design, packaging, labeling and marketing, the adoption of international standards and certifications, and training events. Despite the fact that these activities were not strategic in nature, they have achieved significant results. Serbian teas do not have the highest quality or the lowest price, but it seems that Serbian teas have good price/quality ratio, and reasonably attractive packaging. For example, the Adonis Company has found new buyers from Kosovo and Croatia for their products. Bilje Borca has already contracted for the sale of their products in the US, and has started negotiations with the biggest supermarket chain in Albania. Fructus contracted for the sale of teas with Podravka from Croatia, under their own brand name, and is negotiating with them for the export of instant teas in special packaging. In Year Three and beyond, the Project will give market opportunities like these more attention, and they will be incorporated into a strategic approach.

The herb & mushroom sub-sector has not been directly affected by the Global Economic Crisis, and the sector continues to see steady demand and prices. However, many of the buyers of these products have been indirectly affected, especially domestic buyers. As a result of the crisis many of the retailers are prolonging their payment terms for their suppliers, and this is the main impact of the financial crisis on the herb processors. Because of this, an emphasis on opportunities for export seems to be more important now than in previous years, so these companies can diversify their markets and have alternatives when domestic sales experience disruptions. An emphasis on the development of exports will be an important focus of the Year Three strategy for the herb sub-sector. As part of this strategy more intensive and strategic work with the herb stakeholders will be included in the plan. The main element of the strategy will be to build exports of any kind, even semi-processed products, for the herb stakeholders.

In summary, the strategy for the Herb & Mushroom sector in Year Three will place a much greater emphasis on assistance to the herb companies, with an emphasis on exports, national association development, and the addition of value-added products to the company lines to support the export focus. Work with the mushroom processors will continue as well, but at a lower level than in the first two years. The emphasis in the mushroom sub-sector will continue to be on exports, new packaging and marketing activities, and support for a national association to represent the mushroom processors. The Sector Lead will also support the Policy & Ag Info Specialist in any Project efforts that are undertaken to revise and adapt the legislation and regulations regarding the collection and processing of wild forest products.

1.1: Strengthen Producer Organizations in the Herb & Mushroom Sector

1.1.1 Increase Production of Value Added Products in the Sector

The main focus in this area within the Herb & Mushroom sector will be on increasing the competitiveness of Serbian businesses in foreign markets, through the introduction of new technologies and the provision of technical assistance which can increase the value of Serbian products destined for export. As a result, the processors and exporters will be the focal point of Project interventions, especially those companies looking for solutions to improve their operations, to diversify their products, and to add value to their products.

1.1.1.1: Support Clients with Marketing & Promotion Grants

A number of Herb & Mushroom sector companies have applied for, and will receive, Project grants to improve their packaging and marketing activities which will increase the marketability of their value added products in export markets. The Sector Lead will work with the marketing agencies, ABDS providers, and/or STTAs, to insure the appropriate services are delivered to at least five sub-sector client companies. This program will support the applicants with the introduction of new packaging, new logos and/or visual identities, new product labeling, the creation of a company website, as well as product catalogues, brochures, and other promotional material. The Project marketing team will have primary responsibility for this assistance from outside service providers, while the Sector Lead will work directly with the applicants.

Expected results: Five applicants for the Marketing and Promotional Activities Program will receive grant funding, and will successfully develop and adopt new packaging, visual identities, and other promotional products.

1.1.1.2: Support Clients with New Technology Grants

As part of the Project effort to assist companies to penetrate new markets, these companies will need to adopt new technologies and/or equipment to improve their productivity and product quality. To support this effort the Project will use the grant component to assist companies to develop new

higher value-added products. This assistance will be provided to growth oriented firms that wish to upgrade their existing value-adding processing technologies, and to develop new higher value-added products. These technologies could include items such as packaging, processing, and drying and sterilization equipment, which would be needed to penetrate new markets with the appropriate quantities, prices and quality. Due to the global economic crisis, and the resulting limited access to loans, most of the stakeholders in this sector that have successfully developed their businesses are not able to make new investments using their own resources, and thus ensure further progress towards establishing sustainable exports. Through the grant component the Project will assist eligible grantees to adopt new technologies that will result not only in increased sales by the grantees, but also increased incomes for all of the value chain stakeholders linked to the grantee (ie collectors, distributors, retailers, etc).

Expected results: The project will approve one or two new technology grants within this sector which will result in \$250,000 of new sales revenues by the end of Year Three and the creation of 10 new jobs in the assisted firms.

1.1.1.3: Research on EU Market for Wild Mushrooms

The sub-sector strategy for wild mushrooms is to shift the volume of exports from bulk product to retail packed items, which will add more value to the products here in Serbia. To do this the current mushroom exporters will be competing in the target markets with their own buyers. Many of the client firms are afraid that if their current bulk buyers of their products in bulk find alternative sources of product, they will cut them off. Market surveys and/or market research could help these companies better understand the dynamics of the market, help them overcome their fears, and stimulate buy-in. The Project will bring in an expatriate STTA consultant to undertake a study on the wild mushroom market in the EU (and possibly North America as well). This study will then become a guiding document for Project assistance to sub-sector stakeholders in the remaining years of the Project. At a minimum this study will include: 1 - Statistical data on the production in competitive countries, the size of the market, current consumption rates and trends, price trends, and the main exporters (countries) of the commodities Serbia offers, 2 - Distribution channels, both current and recommended for the future, 3 – A list of the biggest importers by country, 4 – The prevailing type of buyer by market (large retail, wholesale, HORECA etc.), 5 - Consumer preferences in terms of packaging, and type of products (fresh, frozen, dry, in brine etc), 6 - Marketing recommendations for Serbian processors , and 7 - Strategy recommendations for the Agribusiness Project. The Sector Lead, with assistance from the marketing team, will be responsible for this activity.

Expected results: The STTA will complete the research on the markets, prepare the study, and make a presentation to representatives of the sub sector stakeholders.

1.1.5 Support the Development of Herb & Mushroom Associations

1.1.2.1: Ongoing TA/Training for Business Development

As part of the ABDS/Finance element of the Project, training and education sessions in the areas of management, sales, marketing, and negotiation skills will be offered to selected export oriented companies. The Project will co-finance these training sessions, and they will be delivered by Serbian ABDS providers. These training programs will be similar across all the sub-sectors, but will also include sub-sector specific information. This activity will be organized and implemented by the ABDS/Finance Specialist, while the Sector Lead will work with trainees to indentify their training needs and to stimulate buy-in.

Expected results: At least five companies from the Herb & Mushroom sector will participate in these training sessions. As a result these companies will improve their management and marketing capabilities by using the skills learned in the training.

1.1.2.2: Support Development of a National Herb Association

The Project will closely work with key herb processors and exporters to reorganize, and/or strengthen, the National Association of MAP Collectors "Dr Jovan Tucakov", or to establish a completely new association based on the new association law. This association will consist of the key companies in the herb sector, such as industry leaders Fructus, Herba, Macval, Bilje Borca, Adonis, and others, which have 60% to 70% of the Serbian market. The association will then become the key leverage point for most of the Project assistance provided to the herb sector. It is expected that this association will open an office in Belgrade and hire a new, professional, manager who will be paid by the members. The Project will provide an STTA consultant to assist them with registration and legal issues, to develop the association's internal rules, business and strategic planning, and an action plan. The Producer Organization Specialist will be responsible for the management and organizational assistance to this association, and once formed, the Project will provide financial support to the association to carry out planned activities. The Sector Lead will support the association with their action plan activities. It is expected that the main activities the association will undertake in the near future will be:

- Undertake domestic and international market research for members
- Organize participation by association members in international trade shows
- Assist members to negotiate and obtain quota licenses for wild forest products
- Address policy & regulatory issues on behalf of the association and members
- Undertake media campaigns on behalf of the industry, and other promotional activities
- Provide information to members on available GOS and international donor funds
- Foster the development of international market linkages for the members

The goal is to make this association sustainable, active, and strong enough to become a key partner with the Agribusiness Project, and to eventually take over the functions the Project is fulfilling, and to carry on these activities once the Agribusiness Project ends.

Expected results: One Industry Association formed and/or reorganized according the new Association Law. One new job will be created, and \$750,000 of additional sales by association members will result from implementation of the association's activity plan.

1.1.3 Support for the International Standards Program

1.1.1.1: Support Standards Program for Herb & Mushroom Clients

In Year Three the Project will continue its ongoing international certification program, through which a minimum of three selected herb and/or mushroom companies will be assisted to implement one of the standards required by their foreign markets: i.e. GlobalGAP, ISO 22000, ISO 14000, IFS, Organic, FairWild, or others. These standards will serve as tools for Project clients to improve their overall competitiveness, and to achieve new sales and higher margins in these international markets. As was the case in Year Two, Project funds will be used to cover 50% of the cost related to consulting services for preparation, and up to 70% for the certification itself. The Ag Info and Policy Specialist will be responsible for the management of this program, and the Sector Lead will provide support to insure proper implementation of this program.

Expected results: At least three herb and/or mushroom companies will become certified, and will improve their ability to market their products in international markets.

1.2: Improve ABDS & Finance Service Delivery

1.2.1 Improve the Capabilities of ABDS Providers

1.2.1.1: Training in Management, Marketing and Sales

Besides the general businesses training program offered to Project client firms from all sectors, there will also be specifically designed training program offered for Producer Organizations (ie cooperatives and/or associations) clients. The target group for this tailored training program, which will cover general management and organizational issues for selected Producer Organizations, will be those client Pos that are most active in each of the sectors. The Sector Lead will provide support and assistance to the Producer Organization Specialist for the implementation of this activity.

Expected results: During the course of Year Three at least two Producer Organizations will receive specialized training and technical assistance from the Project.

1.2.2 Assist Clients to Access Financial Resources

The Herb & Mushroom Sector Lead has not planned any specific activities or events related to improving access to financial resources for sector clients, but the Sector Lead will cooperate and coordinate with the ABDS & Finance Specialist on an as-needed basis to support cross-cutting efforts to facilitate access to credit and finance.

1.3: Support Sales & Marketing Efforts

1.3.1 Support Client Participation in Trade Fairs

1.3.1.1: Support Companies that Participate in Trade Fairs

During Year Three the Project will continue to provide partial support for the participation of client firms from all the six sectors at international trade fairs and exhibitions. The best prospects for participation in these events by Herb & Mushroom clients are as follows:

> Anuga Fair - Cologne	Oct 2009
> Fruit Logistica - Berlin	Jan 2010
> BioFach Fair - Nuremburg	Feb 2010
> Fancy Food - New York	Jun 2010

In Year Three, the Project will continue to work with individual sub-sector stakeholders, and their related industry associations, as leverage points to organize exhibitions at trade shows for their members. Besides the new exports generated by participating businesses, these activities will be aimed at supporting further development of these national associations. All participants, especially new ones, will receive training and consultancy services related to preparations, exhibition, and negotiation both during and after attending a fair. At least ten client companies will exhibit at the fairs selected for participation by Project clients. The marketing and sales team will be responsible for the overall organization of the fairs, while the Sector Lead will recommend clients for participation and work on follow up activities.

Expected results: Participating companies will generate at least \$2.5 million of additional sales and exports, and they will sign 15 to 20 new sales contracts.

1.3.2 Assist Clients to Undertake International Sales Missions

1.3.2.1: Support Sales Missions to select International Fairs

As was the case in Year Two, the Project will offer selected client firms the opportunity to participate in international trade fairs on a “sales mission” basis. In this case the Project will support the cost of travel by representatives of these firms to the trade fairs, but these companies will not be exhibiting their products at the fairs. Through a cost-share arrangement the Project will

support agribusiness delegations, consisting of the Sector Leads, national association representatives, and individuals from client companies, to conduct sales mission trips to regional fairs or markets (for herb exporters), or international fairs or markets (for mushroom exporters). Most of these sales missions will be conducted within the context of Project participation at large international fairs, where the participants will be able to assess market demand and competition, assess new technologies, and prepare for their own future participation at these fairs. The participants will also be able to meet with potential buyers and, possibly, begin negotiations for sales of their product. The Sector Lead will assess, and recommend, client companies for these programs, and will conduct all follow up activities

Expected results: At least eight to ten client companies will participate in this activity, and \$200,000 of additional sales will be achieved. In addition at least five new companies will be motivated and prepared to participate as exhibitors at these fairs in Year Four.

1.3.3 Provide Technical Assistance in Marketing

1.3.3.1: Support Development of Serbian Mushroom Web Site

The Project will develop a sector specific “wild mushroom” web site under the umbrella website www.serbia-naturally.com with the aim of publicizing Serbian wild mushroom products on a global basis, and establishing a convenient access point for interested buyers that wish to contact the companies that export these products. The web site will also serve to promote the quality and uniqueness of Serbian wild mushrooms. The Marketing and Sales team, with support from the Communications Advisor, will lead this activity, with the Sector Lead being responsible to provide the data required for the web site, and to assess the companies whose profiles will be presented on the site. The Sector Lead will also follow up on inquiries received through the web site.

Expected results: Two new web sites will be developed, and more than 25 client companies will have their profiles presented on the sites.

1.3.3.2: Mushroom Sector International Marketing Campaign

The Project will finance an international media campaign in the international press to promote the quality and uniqueness of Serbian herbs and mushrooms. The main activities in this element of the sector plan are the purchase of advertising space (twice for mushrooms, and once for herbs) in key international media just prior to client participation in International and/or Regional Fairs and Events. Some of the key media the Project will target are specialized magazines and newsletters, such as FoodNews and Eurofruit Magazine. This activity will be conducted in coordination with Marketing and Sales and the Communications Advisor.

Expected results: Three articles on Serbian herbs and mushrooms will be published in international magazines or newsletters.

1.4: Support Youth & Gender Involvement

1.4.1 Encourage & Support Youth Involvement in Berry Sector

1.4.1.1: Visit Ag Schools to Educate Students on the Sector

The Herb & Mushroom Sector Lead will make periodic visits to schools during the year to educate agricultural students regarding the production of herbs and mushrooms in Serbia. He will encourage the youth to become involved with the Agribusiness Youth program and to consider the herb & mushroom sector as a good opportunity for employment, or business creation. Presentations will be made on business opportunities to attract young entrepreneurs and to inform them regarding the sector. The Sector Lead will present the Value Chain Assessment findings, and newly developing opportunities in both local and international markets. The Sector Lead will also

encourage the students to apply for grants and/or technical assistance, and participate with the Project in other ways. Additionally, where sufficient interest is identified, young entrepreneurs will be included in sub-sector specific technical assistance and advisory services that can provide the most benefits to them. This activity will take place throughout Year Three of the Project.

1.5: Support Cross-Cutting Functions

1.5.1 Project Grant Program for the Herb & Mushroom Sector

There are many individual companies in the herb and mushroom sector that are participants in the Agribusiness Project grant programs. The Herb & Mushroom Sector Lead will continue to provide support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting and documentation on their grants. The Herb & Mushroom Sector Lead will also support the overall objectives of the grant program and encourage and support sector clients to respond to grant programs as appropriate.

1.5.1.1: Grant Program for Higher Value-Added Products

The Herb & Mushroom Sector Lead will support the Agribusiness Project grant program by identifying good prospective grantees in his sector that could apply for new technology grants from the program. These grants would be focused on the adoption of new technologies (ie: technologies not currently used in Serbia) that would allow herb and mushroom companies to produce and market new and innovative products. The Sector Lead will act as a liaison between the prospective grantee and the Grants Manager to assist with proposal preparation and eventual grant implementation and reporting.

1.5.1.2: Capacity Building Grant for Industry Associations

As with the new technology grants, the Herb & Mushroom Sector Lead will support the Capacity Building grant program by working with prospective grantees – either the National Association of MAP collectors and processors "Dr Jovan Tucakov" or a new association formed with Project assistance to support the herb processors in Serbia – to assist them in developing and preparing their grant application. Following award of the grant the Sector Lead will continue to provide Technical Assistance and other help to the association to insure appropriate implementation of the grant.

1.5.2 Enabling Environment Activities for the Herb & Mushroom Sector

Via the Enabling Environment component of the Project a number of sector clients are being assisted to adopt international quality standards, and the Project is assisting the sector to address selected policy and regulatory issues that have a negative impact on operations in the sector. The specific activities that are being implemented under this Project component are as follows.

1.5.2.1: Support Standards Adoption by Sub-Sector Client Firms

A number of companies in the Herb & Mushroom sector are in the process of implementing international standards with Project grant assistance. These companies are mainly implementing ISO 22000 and ISO 14001, and not GlobalGAP. Over the course of Year Three the Sector Lead will continue to support and assist these companies to insure they complete the process of adopting these standards, and fulfill the obligations of the Project grant program. The Sector Lead will also provide support to client firms that apply for the adoption of other international standards that are appropriate for their industry, such as IFS, Organic, FairWild, or others.

1.5.2.2: Support Industry Efforts with Policy Reform in the Sector

The most important issue related to the Herb & Mushroom sector at this time is the issue of the award of licenses for the collection and purchase of wild forest products. Processors purchase licenses at the start of the season based on their "best guess" of how much product will be available

for them to purchase. Should the season be bad, and they cannot purchase as much product as they have a license for, the cost of the unused license amount represents a loss for the company as the GoS does not make refunds for unused license amounts. Should the season be good, and there is more product available than they have a license for, it is difficult for the processors to add to their licenses to be able to purchase all the product that is available. In addition, the GoS controls the exports of these products and sometimes there are delays in the award of licenses to processors for the export of their products. This can create problems for the exporters and lead to their not fulfilling the commitments they have made to international clients. The Herb & Mushroom Sector Lead will work with the Policy & Ag Info Specialist, and assist the new National Herb Association, to address these policy issues during the coming year.

TREE FRUIT – Year Three Activity Plan

The activities planned for the tree fruit sub-sector fall within Component 1 of the original Project design. This can be summarized as events, activities and programs which will support “Increased Efficiency and Competitiveness of Serbian Agribusinesses” within the sub-sector, as defined in the Value Chain Assessment. These activities and events have been divided into sub-categories, and these sub-categories have been used across the sub-sectors to provide a consistency in Project planning and design. There are also activities which will be undertaken in Component 2 of the Project to “Improve the Enabling Environment for Serbian Agribusinesses” and these will be detailed in separate sections of the Workplan. The Sub-Sector Leads, and the activities and events they undertake will also support, and contribute to, achieving the objectives of Component 2.

1.0 Introduction and Overview

The strategy developed for the Tree Fruit sector at the outset of the Project included a continued emphasis on the traditional markets for Serbian tree fruit (ie Russia and regional markets) and the development of new market opportunities for these products, particularly in the EU. In addition to the development of new markets for fresh fruit the Project was also to place an emphasis on the development of export opportunities for processed products, such as jams, dried fruits, concentrates and purees. The Project was also planning to support the development of linkages between the tree fruit producers and the Serbian supermarket chains as another outlet for local production. While the basic strategy for the sector will remain the same going into Year Three, events during the first two years of the Project have had a negative impact on the development of the sector. The impact of the Global Financial Crisis, particularly the decline in demand in Russia, is one of the most important factors that influenced sector plans. The other main factor was the impact of the export of some poor quality fruit to Russian customers, which has resulted in some buyers refusing to purchase Serbian apples.

The first four months of 2009 demonstrated that the plans developed for the marketing of the stored quantities of fresh apples will not become reality. It was expected that most of these apples would be sold in the Russian market, but this did not take place in the amounts, and at prices, anticipated by the firms in this sector. This was mostly due to the lower demand in Russia, and the re-entry of Poland in the Russian market. Much of the stored fruit has now been sold to local supermarket chains, and this, in combination with the lowered exports to Russia, the firms involved in apple production and storage have managed to empty their cold stores and prepare for the coming harvest. The marketing of frozen fruit (primarily sour cherries) was also characterized by lower demand from the usual buyers (mainly Russia and the EU countries) due to the financial crisis, though companies that well established relations with their clients in the EU market have been able to sell their products more easily.

Fresh fruit processors experienced low demand for their products during the first four months of 2009, but the situation improved later in the year (again, this is mainly companies with established client relations that are already well positioned on the market). Nevertheless, the sale of all sector products during 2009 was characterized by the fact that both local and foreign buyers were not respecting their agreed payment terms, which is another knock-on effect of global financial crisis. As a consequence, most companies in the sector have been reluctant to invest in improving their production technologies, their marketing and packaging, or their production capacities.

Regarding the production season, up until June there were no severe droughts or frosts similar to the events of 2008, which caused severe damage to tree fruit. Despite the generally good weather

conditions, the month of June was marked by heavy rains that delayed, or even stopped, harvesting of peaches and nectarines, and it lowered their quality. Hail also caused damage to plums in some areas of Serbia, up to as much as 40% of the crop. Harvesting, and the quality, of sour cherries was successful however, and that was the case with sweet cherries as well (all of these fruits have been exported to Russia under existing supply contracts).

Taking into consideration the experience of the first two years of the Project, weather conditions for 2009 to date, and the activities that have been implemented so far during this year, the main focus area for the Tree Fruit Sector in Year Three will be the following:

- Assist producers and processors to overcome the effects of the financial crisis by their lowering production costs, and organizing exhibitions at international fairs.
- Raise the organizational levels of cooperatives and farmer associations, and develop their marketing capabilities so they can market as a group instead of individually.
- Make use of external consultants (either US or Serbian) to provide training and raise the level of the services provided by local ABDS providers.
- Increase the value added to processed tree fruit products from Serbia, and help processors to diversify their product range.

1.1: Strengthen Producer Organizations in the Tree Fruit Sector

1.1.1 Assist Apple Producers to Reduce Production Costs

As with the previous harvest season, Serbian apple producers expected to sell most of their stored apples to the Russian market during the marketing season of 2008/2009. However, demand from Russia was significantly lower compared with the previous year (up to 40% lower), while the prices offered by the buyers were also as much as 30% lower. Consequently, producers and processors have turned to the local supermarket chains as an alternative outlet, but some of these did not provide satisfactory payment terms. By selling to local supermarkets and grocery stores, and by exporting what they could to Russia, the apple producers have managed to empty out their cold stores and are currently preparing for this year's harvest. The expectation among the producers is that the yield will be even higher this year than last year.

The current state of low market demand and the inability of supermarket chains to provide regular payments, are a consequence of the global financial crisis which is at this time considered to be the primary constraint to further development of apple production in Serbia. In order to assist the fresh apple producers to overcome the effects of financial crisis, the Tree Fruit Sector will direct its technical assistance and training activities towards helping producers to lower their production costs, and to adopt new production technologies and habits that can also reduce their costs. This assistance would also include the areas of postharvest and storage activities.

1.1.1.1: Training & TA on Apple Fertigation Technology

In order to achieve maximum utilization of apple orchards equipped with drip irrigation systems, and to lower the cost of fertilizer use, Project technical assistance will be provided regarding the application of precise fertigation and/or irrigation management. The expected result of this activity will be to raise the percentage of first class apples harvested, and to achieve higher yields and a more standardized fruit quality. This assistance will be directed towards those apple producers that are already using drip irrigation systems (such as Atos Vinum, Greeny, Juzni Banat, ZZ Green Group, and PD Podunavlje) as well as towards producers that are not currently using this technology, with the goal of educating them to the importance of this technology, and the potential benefits of investing into these systems. The second group of beneficiaries is mostly represented by members of Producer Organizations from the Tree Fruit Sector (ZZ Vocko, ZZ Prima, ZZ Rit), who

will be helped by providing assistance in system planning, choosing adequate drippers, system maintenance, and creating irrigation schedules.

- October 2009: The initial assessment of fertigation technologies and fertilizer applications via irrigation systems will be performed by an expatriate STTA consultant who will also develop detailed fertigation programs for the selected stakeholders. The producers to be assisted are: Atos Vinum, Greeny, and ZZ Green Group.
- March – August 2009: The implementation and use of the fertigation programs prepared by the expatriate STTA will be followed-up on by a local ABDS provider, who will also provide these stakeholders with advice on the programs.

Expected results: The adoption of these fertigation programs will reduce fertilizer costs for these stakeholders by as much as 10%. This program will also increase the percentage of first class apples in the harvest by as much as 5%. At least three members of three cooperatives will introduce new irrigation systems in their production.

1.1.1.2: Training on Apple Harvest/Post Harvest/Storage

As a continuation of the initial assessment of post harvest and storage technologies by STTA specialist Prof. Watkins, and following up on the recently completed Cold Chain study, the Tree Fruit Sector Lead will organize training and technical assistance activities targeted at all of the stakeholders involved in apple harvesting, post harvest handling, and storage. The goal of these activities will be to address issues such as optimum harvest maturity, the need for careful handling during harvest and loading, establishment of fruit quality control systems, determining adequate storage parameters, and proper timing for opening storage facilities. The training sessions are aimed at encouraging the producers to change their habits and practices related to harvest and post harvest activities, organizing harvesting and loading programs, and determining adequate storage parameters in order to reduce harvest and storage costs.

Expected results: This training will result in an increase of at least 5% in the harvest of first class apples put into storage, and the producers will record increased product sales, as a result of the higher quality apples, of at least \$300,000 by September 2010.

1.1.2: Support Development of Sub-Sector Producer Organizations

Based on their organizational management capacity and performance, cooperatives within all of the six Project focus sectors have been divided into four competency levels through an analysis process that used the “Organizational Capacity Assessment Tool” to measure cooperative management capabilities. Cooperatives within the Tree Fruit Sector will be supported by the Project with technical assistance and training in Year Three, and this assistance will be provided in two main technical areas:

Cross cutting/organizational assistance: This type of assistance will be aimed at developing the managerial and organizational capabilities of selected cooperatives such that they can become competitive agribusiness firms, capable of sustaining effective service provision for their members and able to respond to market opportunities. This assistance will include management support, and training in financial management. This program will also work with informal farmer groups to help them re-organize and register as business-oriented cooperatives.

Technical assistance for operations: Project assistance in this area will deal with specific technical issues that hinder the performance of the producer groups in the Tree Fruit sector. Issues to be

addressed would include production technologies (i.e. fertigation), post harvest handling and storage management, techniques to reduce production costs, and methods that can be used to increase the value of the fruit and fruit products from these firms.

Technical assistance in the first area will be the responsibility of the Producer Organization Specialist, with support and assistance being provided by the Tree Fruit Sector Lead. Assistance in the second area will be the responsibility of the Tree Fruit Sector Lead and wherever possible the Project will bring in Serbian ABDS providers for these services, or Serbian ABDS providers will be partnered with expatriate STTA consultants such that there is a transfer of skills and knowledge from the expatriate STTA to the Serbian ABDS provider.

1.1.2.1: Increase Capabilities of Tree Fruit Cooperatives

In order to achieve the best possible results from the technical assistance provided to Tree Fruit Sector cooperatives, these cooperatives need to have strong and stable internal organizational and operational procedures and management systems. Based on the OCAT Survey assessment of the development levels of the cooperatives surveyed, their managers and members will be offered three separate levels of cooperative management training:

- A generic business training program, designed for cooperative managers which will address basic business, strategic, and financial management issues, and marketing planning.
- A basic training program tailored for low performing cooperatives which will be targeted at both the management, and member representatives, of the cooperative.
- An in-depth training program designed for the high performing cooperatives which will be focused on the cooperative management, and key member representatives, of cooperatives characterized as having a high level of organizational performance.

Further explanations of the activities proposed, and the expected results of these training initiatives, are described in the Producer Organization section of this Workplan.

1.1.2.2: Assist Apple Cooperatives to Manage their Production

Most of the cooperatives from the Tree Fruit Sector were established based on the minimum number of members needed in order to receive subsidies offered by the Ministry of Agriculture for the construction of ULO cold stores. Although the members of these cooperatives who manage the storage facilities are getting acquainted with the issues involved (such as determining storage parameters, and other technical items) there is a serious lack of organization of the postharvest handling and storage operations. As an example, many times fruit is not put into storage immediately following the harvest, but they are sorted by individual members first, and then brought into the central storage facility. This causes a decline in final fruit quality, and there is no documentation on harvest dates, data on fruit quality upon receipt, the loading dates for each room, or the opening dates for the rooms. This results in there being no traceability data on the source and quality of the fruit, and it leads to marketing difficulties.

In order to raise awareness of the necessity for these procedures, models for the organization of post harvest handling, storage, and marketing for fresh apples will be presented to a number of cooperatives that store fruit in ULO cold stores. This activity will be a continuation of Project assistance provided in February 2009, when the initial assessment of the cooperatives that are using ULO technology was completed. This training will be oriented towards the managers and members of cooperatives that are responsible for supervising loading and storage processes.

Expected results: Three cooperatives will introduce and apply new procedures and processes related to apple postharvest handling, storage, and marketing. The improvement in the capabilities of these cooperatives in this area will increase the level of the first class fruit available for marketing by at least 2%.

1.1.2.3: Assist Tree Fruit Coops with Cost/Benefit Analysis

Tree Fruit cooperatives are very dependent on climate conditions, and this is considered to be one of the greatest constraints to increasing the competitiveness of this sector in Serbia because of the variability in yield and fruit quality. The main reason Tree Fruit producers do not introduce new equipment to mitigate climate effects in their orchards are the high cost of purchase, and the limited availability of debt financing. Another factor that limits the use of these technologies is the lack of awareness on the part of the producers of the return on investment that these technologies could offer them. They are also unaware of the technical parameters of these items, and the individual performance of specific types of equipment.

In order to address this lack of use of new technology, a number managers and selected cooperative members will be provided with training performing cost-benefit analyses for the purchase of selected types of new equipment. The goal of this training will be to make this type of analysis readily available for cooperative managers and members by educating one or more of their employees on how to prepare such an analysis. This training will be use the example of anti-hail nets, since hail caused severe damage to tree fruit in summer of 2008 and the need for introducing this type of equipment is becoming urgent. As part of this training, information on the technical characteristics, and availability, of these nets will be presented, as well as information on available loans, the interest rates, and financing sources. The training will be conducted by a local business and/or financial consultant, and an anti-hail net provider, and will be targeted towards the members and managers of tree fruit cooperatives.

Expected results: At least twenty cooperative managers and/or members will be trained to perform this type of analysis, and will be able to provide this service to other cooperatives.

1.1.3 Assist Client Firms with International Certification Program

As a continuation of the grant program for the introduction of international standards in fresh and processed fruit production, this program will be repeated in Year Three. During the Year Two, three companies from the Tree Fruit Sector were awarded grants to introduce the GlobalGap standard into their fresh fruit production, and one company was awarded a grant to introduce both GlobalGap and the ISO 22000 standard. Export markets (both Russia and the EU) are imposing stricter requirements regarding the allowed pesticide levels in fresh fruit, which is increasing the awareness on the part of producers and traders of the importance of the proper application of chemicals, and insuring traceability, which are basic elements of standardized production.

1.1.3.1: Support Tree Fruit Clients with International Standards

In Year Three, the goal for the international standards program will be to achieve GlobalGap certification for at least four companies in the Tree Fruit sector (out of which two will be cooperatives) involved in fresh tree fruit production. Raising awareness on the importance of standardized production, with clear information of the preparation process, the necessary investments, and the benefits that can be derived, will be provided to all interested parties.

1.1.4 Increase Quality & Diversity of Dried Tree Fruit Products

Serbian exports of dried fruits contribute only 3% to the total exports of processed fruit products, and they had an export value of about \$8.5 million in 2008. This export value is relatively low for

Serbia, when one takes into account the high demand for this kind of product in both EU countries and Russia. The increased demand for these products is due to the continuing trend towards healthy eating, where dried fruit snacks can make a significant contribution.

Dried fruit products in Serbia are mostly based on prunes, and the processors have limited production capacities, poor marketing skills, a small selection of fruit varieties, and outdated production technologies for the fruit, and frequent non-uniformity in the products. These processors also lack any type of joint marketing approach. In order to increase the competitiveness of dried fruit products from Serbia, varieties suitable for drying, modern technologies, and new products need to be introduced into this area of the Tree Fruit sub-sector.

1.1.4.1: Training on Plum Varieties Suitable for Drying

In order to increase the yield and quality of the raw material needed for dried prune production, the Agribusiness Project will provide training sessions on new plum varieties which are suitable for drying. The training will also address the relevant production technologies needed for increasing the production of prunes (ie dense planting systems), and this training will be provided to the suppliers of raw materials for dried fruit producers. This training will be conducted by a local STTA consultant, who will assess the current status of the technologies used, and provide technical assistance and training sessions for plum producers.

Expected results: At least 50 cooperative members, and/or processors' suppliers, will be trained on new production technologies. The increase in the quality of the fresh product available for processing will result in an increase in annual sales of \$150,000.

1.1.4.2: Improve Quality & Diversity of Dried Fruit Products

Improve quality of dried fruit production and the variety of product types in accordance to market demand. An external STTA will make the assessment of the current level of dried fruit production technologies, products' nutritional characteristics, production safety, types of products, packaging and recommend directions for further development in accordance to EU market demands and market developments. Time frame – April – August 2010

Expected results: 50 cooperative members and processors' suppliers trained on new production technologies; increased quality of fresh product measured in overall sales by \$ 150.000

1.2: Improve ABDS & Finance Service Delivery

1.2.1 Improve the Capabilities of ABDS Providers

ABDS providers that are operating within the Tree Fruit Sector can be divided into three groups:

- Legal entities supplying agricultural equipment and inputs for processing companies and consultancy services provided as a follow up to the product sales. The training sessions and technical assistance provided are related to their own products, and usually do not address the pressing issues related to overall production management.
- State owned extension services, and representatives of agricultural Universities, that act as independent technical consultants and who are providing technical advice on a wide range of production issues. These consultants often are ill informed regarding product and processing innovations and there are few local experts who understand the highly developed technologies, such as ULO storage, anti frost systems, or fertigation.

- There is also a very small number of privately owned companies (the Agribusiness Project is aware of three of them in this sector) that are providing technical advice to farmers and processors on a fee basis, and who are trying to commercialize this type of service.

The market for these services is not well developed due to a fact that Tree Fruit producers are very often not ready to pay for consultancy services because they are not aware of the value of this type of service. In the past consultancy services have been provided gratis by state owned extension stations, and clients were not required to pay for them.

1.2.1.1: Incorporate Local ABDS Providers in Project Activities

Therefore, to increase the skills and capabilities of the Tree Fruit ABDS providers the Project will undertake the following actions:

1. By organizing the participation of representatives from the three groups of ABDS providers in training events provided by Agribusiness Project STTA consultants in order to disseminate information on new production technologies and to address those issues that are not being adequately addressed at the national level.
2. The Project will engage STTA consultants from companies representing the first group of ABDS providers who are viewed as having adequate skills and capabilities to perform follow-up services to STTA consultancies. These consultants will organize training events for producers on specific subjects (the choice of planting materials and varieties, fertigation & irrigation, disease prognosis, etc.)

Companies that will be involved in this effort will include:

- Suppliers of agricultural inputs: Agrol doo, Aquaduct doo, Agro FertiCrop doo, Zeleni Hit doo, Profruit doo, ATP Irrigation, Skala Green,
- Representatives of universities, state extension services and institutes,
- Private ABDS providers: Agricultural innovation center Arilje, Agropest, Agroprotekt.

1.2.2 Assist Clients to Access Financial Resources

The Tree Fruit Sector Lead has not planned any specific activities or events related to improving access to financial resources for sector clients, but the Sector Lead will cooperate and coordinate with the ABDS & Finance Specialist on an as-needed basis to support cross-cutting efforts to facilitate access to credit and finance.

1.3: Support Sales & Marketing Efforts

1.3.1 Support Client Participation in Trade Fairs

1.3.1.1: Support Tree Fruit Clients with International Trade Fairs

In order to assist fresh apple producers to establish market linkages and to increase their international sales, the Project will assist selected companies to exhibit at international fairs or undertake sales missions linked to sector participation in certain international fairs. The specific companies which will be included in this effort will be selected on a case-by-case basis, using an assessment of their readiness to participate and exhibit, and their ability and willingness to conduct follow-up activities after the fair. It is expected that at least six producer cooperatives and five production companies will participate in this effort. The following fairs are the most relevant for participation by Tree Fruit companies in the coming year:

- > **BioFach Fair**
- > **Fruit Logistica**
- > **Fancy Food New York**

1.3.2 Assist Clients to Undertake Trade Missions

1.3.2.1: Send Clients on Sales Missions to International Fairs

Through a cost-sharing arrangement the Project plans to help selected Tree Fruit sector client firms send delegations to conduct sales mission trips to major international markets. These activities will be conducted within the context of Project support for sector participation at international fairs, and missions organized by national associations and/or other umbrella organizations will also be supported. Via these Missions participants will be able to assess market demands and competition, prepare for their own participation at fairs, meet with potential buyers, and, where possible, begin the sales negotiation process.

1.3.3 Provide Technical Assistance in Marketing

The Project will provide assistance to improve the marketing approach of client firms, and to create an environment which will lead to increased exports and sales for these companies, cooperatives and associations. Activities in this area will be implemented in cooperation with the Marketing & Sales team, the Communication Advisor, and the Producer Organization Specialist, and will improve the firm's market presentation and promotion, and create new sales opportunities.

1.3.3.1: Support Revisions to the SerbianFruit Web Site

In order to facilitate promotion of Serbian Tree Fruit companies, the website Serbianfruit.com will be revised and refreshed with new companies added, along with details and specifications on the products they offer. The companies added will be those that are ready to export and which can offer products which comply with international standards. Additionally, the Project will continue to support creating new sales opportunities by facilitating buyer linkages, supporting product sales negotiations, assisting with the organization of the export process, helping to obtain needed certificates, and informing beneficiaries on market developments and commodity prices.

Expected results: It is expected that these efforts will result in additional product sales of at least \$500,000, and the creation of four new jobs at assisted firms.

1.4: Support Youth & Gender Involvement

1.4.1 Encourage & Support Youth Involvement in Berry Sector

1.4.1.1: Visit Ag Schools to Education on Tree Fruit Sector Opportunities

The Tree Fruit Sector Lead will make periodic visits to schools during the year to encourage youth involved with the Agribusiness Youth program to become involved in tree fruit production and processing. Presentations will be made on business opportunities to attract young entrepreneurs and to inform them of business and/or employment opportunities in this sector. The Sector Lead will present newly developing opportunities, in both the local and international markets. The Sector Lead will also encourage students to submit applications to the Business Plan competition, and to apply for grants and/or technical assistance, and participate with the Project in other ways. Where sufficient interest is identified, young entrepreneurs will be included in sub-sector specific technical assistance and advisory services that can provide the most benefit to them. This activity will take place throughout Year Three of the Project.

1.5: Support Cross-Cutting Functions

1.5.1 Support the Project Grant Program

There are many individual companies in the tree fruit sector that are participants in the Agribusiness Project grant programs. The Tree Fruit Sector Lead will continue to provide support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting on their grants. The Tree Fruit Sector Lead will also support the overall objectives of the grant program and encourage and support sector clients to respond to grant programs as appropriate.

1.5.1.1: Support Desing Company on Innovative Packaging

The Sector Lead will continue to support the activities related to the implementation of the grant for innovative packaging and the introduction of new packaging technology awarded to the Desing company. This Grant Agreement will support the development of innovative product packaging and introducing new packaging technology into the production of fruit fillings, toppings, dressings and syrups. The implementation of this activity will continue over the course of Year Three.

Expected results: Desing company will record an increase in export sales of \$135,000, and an increase in their total sales of at least \$2,830,000. A total of three new jobs will be created and one agricultural cooperative will be assisted as part of this program.

1.5.1.2: Assist Marketing & Packaging Grantees as Needed

As a result of the grant program supporting agribusiness companies wishing to improve their product's value and marketing performance (packaging design, company logos, product labels, and company brochures and catalogues) four companies from the Tree Fruit Sector will receive grants to perform these activities. The award of the grants will take place in the near future, and the Tree Fruit Sector Lead will undertake any necessary follow-up of activities to support the grantees and insure that the grants are implemented as planned. Due to the high level of interest in this program the Agribusiness Project will implement a second round of these grants in Year Three.

Expected results: Grantees will increase their total sales revenues by \$1,500,000, 45 new jobs will be created, and 10 new members will join raw material supply cooperatives.

1.5.2 Support Policy Reform Efforts

The main policy related issue that concerns the tree fruit sector is the new law on Safe Pesticide Use (SPU), and its eventual implementation by Serb authorities. The Tree Fruit Sector Lead will provide support to Project efforts undertaken by the cross-cutting functions to implement technical assistance and training related to the new SPU law.

1.5.2.1: Continue Implementation of International Standards

A number of companies in the Tree Fruit sector are in the process of implementing international standards with Project grant assistance. These companies are implementing GlobalGAP, as well as the ISO 22000 and ISO 14001 standards. Over the course of Year Three the Sector Lead will continue to support and assist these companies to insure they complete the process of adopting these standards, and fulfill the obligations of the Project grant program. The Sector Lead will also provide support to client firms that apply for the adoption of other international standards that are appropriate for their industry, such as IFS, Organic, FairWild, or others.

1.5.2.2: Assist Policy Specialist on Sector Specific Policy Reforms

As was mentioned above the main policy issue for the Tree Fruit sector is the implementation and application of the new Safe Pesticide Use law. The Tree Fruit Sector Lead will support, and collaborate with, Project activities focused on the implementation of this new pesticide use law.

VEGETABLES – Year Three Activity Plan

The activities planned for the vegetable sub-sector fall within Component 1 of the original Project design. This can be summarized as events, activities and programs which will support “Increased Efficiency and Competitiveness of Serbian Agribusinesses.” These activities and events have been sub-divided into various sub-categories, and these sub-categories have been used across the sub-sectors to provide a consistency in Project planning and design. There are also activities which will be undertaken in Component 2 to “Improve the Enabling Environment for Serbian Agribusinesses” and these will be detailed in separate sections of the Project Workplan. The Sub-Sector Leads, and the activities and events they undertake, will also support, and contribute to, achieving the objectives of Component 2.

1.0 Introduction and Overview

Based on the Value Chain Assessment (VCA) and the Commodity Action Plan (CAP) completed on the Vegetable Sub-Sector during the first year of Project implementation, support for the development of the vegetable sub-sector was planned to take place through activities related to product improvement, market diversification, increased sales, and job creation. The main elements of the program included a focus on root crops (fresh & storable), assistance to consolidation and/or distribution centers, implementation of quality standards (GlobalGAP), and expansion into export markets. In the intervening period the vegetable producers and processors have encountered difficult circumstances and certainly the Global Financial Crisis has not helped matters. Consumers in the domestic market are shifting to lower cost products, and are now shopping more often in green markets rather than in the supermarkets. These events and changes in the market have been incorporated into the plans for Year Three.

One of the main changes in course during Year Two for the Project was a shift in the focus on assistance related to the consolidation and distribution centers. At the start of the Project there was an expectation that donors and/or cooperatives would build and operate a series of fruit and vegetable distribution centers that would be the focus of Project assistance. In reality these centers have not been built, and it appears that they will not be built any time soon. Private sector investors have recognized the market opportunity for distribution centers and as a result there are a number of new distribution centers that have been built, or will be built in the near future, that have become the new focus of Project assistance. Another change in the sector is the fact that large commodity producers have become suppliers for these centers, instead of selling directly to supermarkets or foreign buyers. During the past year, four new facilities for the collection, sorting and packing of vegetables into small retail packages have been established, and this has led to a significant improvement in the conditions for fresh vegetable exports.

The introduction of internationally recognized production standards for vegetables, supporting improvements to the packaging and labeling of packaged vegetables, as well as the enhancements to the visual identity of client firms will make up the main overarching goals for the vegetable sub-sector in Year Three. It is for this reason that the main activities in this sub-sector will be related to increasing the functional capabilities of the client firms, and their raw material suppliers. Important elements that will be emphasized for Year Three will be management and technology, and improving the business processes of these firms. Large scale commercial production and processing of fresh vegetables is a relatively new business activity in Serbia, and the existing management structures still lack experience in this area.

Operations in the vegetable sub-sector are complicated due to the seasonal nature of the production, and the demand, and the need for special storage facilities for the various products. The main goal of the Project is to identify the issues that limit the shelf life of vegetables in Serbian handling and storage systems, and to provide Project clients with information on the science and physiology of stored vegetables. An important element of Project activities will be focused on testing systems and procedures that can increase shelf life through new postharvest or handling systems.

The Agribusiness Project will also provide ongoing support for two new modern wholesale markets in Serbia (in Belgrade and Novi Sad), as this manner of trade should take over the current role of the Kvantas markets in the country, and serve to introduce greater order and stability and quality in the market for fresh fruits and vegetables. The vegetable sub-sector program will also support the development of local ABDS providers at all stages of implementation, where these ABDS providers represent leverage points to maximize Project impact and assure sustainability.

1.1: Strengthen Producer Organizations

1.1.1 Increase Farm Level Efficiency & Output Quality

1.1.1.1 – Farm Management Training Seminars

Building on the foundation established with the first Farm Management Training seminar that took place at the end of August 2009, the Project will follow-up with the second and third sessions during the non-production season between November and February. Over the course of each of these four-day training seminars, the following topics will be addressed:

- What is Farm Management?
- Goals in Agriculture management
- Economic principles
- Cash flow, Balance sheet and Income statements
- Cost planning and reduction
- Partial budgeting
- Investment analyses
- Farm analyses

Lectures, as well as practical exercises, will be provided using examples of vegetable production as examples, which should facilitate the comprehension of the topics in this seminar. An experienced Farm Management trainer, Professor Rick Costin from the University of Kentucky, will be the facilitator for these training seminars.

Expected results: Vegetable producers and/or processors who participate in this program should be able to implement the techniques presented, and apply them to their own operations. In the second phase it is expected that other producers will be able to learn these principles from the participants in the first series of seminars.

1.1.1.2: Training on Preventive Measures for Producer Organizations

The implementation of several low-cost preventive measures in vegetable production systems can result in higher quality products, and they can increase yields by up to 10%. Over the course of Year Three the vegetable sub-sector will provide targeted training events for vegetable producers to allow them to take advantage of these principles and techniques. The following organizations will participate these training sessions: ZZ Mladost- Obrez, the Association of vegetable producers from Zablacanka-Zablance, the Association of vegetable producers in Silbas, and the Association of vegetable producers – Zeleni List-Striza. The Agribusiness Project will contract the services of

local STTA consultant, Prof. Djordje Moravcevic for this training. The time frame for these events will be between November 2009 and January 2010, during the non-productive season.

Expected results: Up to 150 members of Producer Organizations specialized in root crop production will increase their production capacities by the implementation of the techniques and systems presented.

1.1.1.3: Training on Safe Pesticide Use for Producer Organizations

Safe Pesticide Use (SPU) seminars are planned for the largest vegetable producers who sell their products on both the domestic and foreign markets. These producers represent the main suppliers of fresh and packaged vegetables for the supermarket chains in Serbia, and they are the nascent vegetable processing industry in Serbia. In addition to the large individual producers, these training seminars will also be attended by the following Producer Organizations: ZZ Agronom-Despotovo, the Association of vegetable producers Begec, ZZ Gospodjinci, ZZ Agrokooperativa, ZZ Mladost Obrez, and the Association of vegetable producers Zablace and Mrcajevci. The new law on pesticide use, which was adopted in 2009, will be implemented in 2010. Based on this new law producers who have not completed an approved training program on SPU will not be allowed to purchase or use agriculture chemicals. This law is one of the recent steps Serbia is taking to improve the safety of locally produced food. The Agribusiness Project will use local STTA providers, who were trained by the Project in 2009, to conduct this activity. The activity will take place over the first quarter of 2010.

Expected results: The participating firms will have an increased knowledge of Safe Pesticide Use techniques, and they will be able to purchase and apply agricultural chemicals without disruption. It is expected that about 200 individuals will be trained in this program.

1.1.2: Improve Technology for Seedling Selection

One particularly important aspect of vegetable production is hotbed production. Using this method, producers can shorten the time needed for vegetable production, and the fruit-bearing period is lengthened, which can give an important increase in yields. Vegetable production in Serbia is mostly seasonal in nature, and it is precisely for this reason that vegetables arriving either first or last in the season achieve the highest market prices. To have production during the early and late seasons, producers need to incorporate hotbed production planning into their schedule. However, in Serbia due to inadequate production conditions, hotbeds generally do not achieve the benefits desired, and as a result the producers are searching for ways to improve their hotbeds. Through a training program the Project will educate producers regarding production planning methods, and how to schedule and use hotbeds in an appropriate manner for the specific types of vegetables produced in Serbia. For this purpose the local STTA, Prof. Andjelko Miskovic, will be contracted. Time frame: November - March 2010

Expected results: The production results achieved following proper seedling treatment can increase yields by up to 20%, and the quality of products by up to 15%.

1.1.3 Support the Development of Serbian Specialty Vegetable Products

1.1.3.1: Assist with the PDO for “Leskovacki Ajvar”

Producers of specialty food products from the Leskovac region are in the process of registering the protected designation of origin (PDO) name: “Leskovacki Ajvar”. This group currently has a total of 25 members, including both businesses and farmers, who are involved in the production of paprika (the raw material), and ajvar (the final processed product). Over the course of Year Three

the Project will provide technical assistance and support to this group to help them become the owner of this PDO for this traditional specialty product from Leskovac.

Expected results: Following the assistance provided the Project these companies will become the owner of the PDO for “Leskovacki Ajvar”, and will begin to market their products under this common PDO name.

1.1.3.2: Provide TA for Serbian Sauerkraut Producers

There are a number of sauerkraut producers in Serbia which are trying to improve their production capabilities, and to implement needed food safety standards, which will move them from the category of “artisan” producers to more modern industrial producers. To complete this transition these companies will need assistance with their processes and technology, as well as new packaging, labeling, marketing, and promotion. The market for these products is EU member countries which have strong traditions for the consumption of sauerkraut, and which prefer the more traditional type of product usually produced in Serbia. Companies to be assisted in this group will include: Janja d.o.o, PG Dragutin Zaric- Cacak, PG Predrag Kurjak, PG Milorad Majkic, and the assistance will take place from late 2009 to mid-2010.

Expected results: Based on the assistance provided the Agribusiness Project expects these companies to report an increase in the sale of sauerkraut of 20% by 2011.

1.1.4 Expansion of the Production Capabilities in Closed Environments

1.1.4.1: TA for Improved Production in Closed Environments

Closed environment production of vegetable crops represents a critical technology for these producers as it allows them to extend the growing season and to expand the range of products they offer to the packers and retailers. The Agribusiness Project will provide assistance to these firms through Expat STTA assistance for the large-scale growers. Despite having the latest technology, and the best quality inputs, their current yields are not up to the level that would be expected given the technology used. To provide this assistance the Project will provide training to a local specialist who is involved in this type of production, who will be trained on all aspects of this type of vegetable production. The vegetable crops that will be the focus of this effort will include early and late tomato, cucumber, peppers, and lettuce. For this assignment the Project will bring in an STTA consultant from either the US or the EU, to provide training to the local counterpart. This activity will take place over the months of December 2009 to March 2010.

Expected results: Based on the training provided, and the technical assistance to be provided by the local specialist, these producers will increase their sales by \$50-70,000, and the import of early vegetables into Serbia will decrease by 5%.

1.1.5 Support for the Development of Packing/Distribution Centers

This element of the Vegetable Sector workplan has the goal of assisting fresh vegetable packing operations to improve their capabilities and be able to compete more effectively with imports from the EU and other neighboring countries. The Project will organize workshops to present the current trends and market requirements for fresh, fresh organic, and processed (fresh cut) vegetables. This training event will provide the participants with specific information regarding the supermarket chains operating in Serbia, and chains in foreign markets (ie: regional, the EU, and Russia). The Project will bring in an international STTA consultant (either from the EU or the US), since based on research conducted by the sector lead and marketing specialist, there is no potential local service provider with expertise in this subject. This assistance program (workshops & conferences) will take place between March and May 2010.

1.1.5.1: TA for new Packing/Distribution Centers

During previous year, several private enterprises invested in the establishment of collection centers, where locally grown vegetables are collected, sorted, cleaned and packaged for distribution to the final buyers (retailers). The lack of facilities of this type previously was the main reason why Serbia was not able to market and sell fresh vegetables in foreign markets. Sorted, cleaned and retail packed vegetables are good value-added products, which can bring higher profit margins to the producers and which can strengthen the relations between the various value chain elements. Managing such a facility, and all the various operations involved, starting with purchasing and collection, and ending with marketing the final product, represents a very complex operation. For that purpose, the assistance of a foreign STTA is needed to support these new operators because similar operations did not exist in Serbia until recently. The managers of firms such as Lucic, MDD, Darkom, Plodovi zemlje, and others, represent the target group for this Project activity. This activity will take place over the winter and spring, before the production season begins.

As part of the effort above, the Project will provide capacity building training for medium and large scale individual vegetable producers. This specific group will be selected based on the providers of fresh vegetables to the companies involved in the distribution and sale of fresh vegetables. It has been shown that for those producers which are more professional, it is easier to support the implementation of standards, and to meet other market demands, than with Producer Organizations (ie: cooperatives or informal groups of smaller farmers). For that purpose, it is necessary to help these companies build their capacity, and to strengthen their relationship with the buyers from the collection centers. The implementation of new production technologies, adoption of GlobalGAP standards, and improved produce handling, will represent the issues to be addressed by the Project during Year Three. Three sector specific workshops will be arranged for this group of producers over the course of the year, and it is expected that about 40 individual growers and producers will participate in this activity.

Expected results: Improvements in fresh vegetable packaging by client firms will allow them to increase their sales over the course of 2011 by an additional \$100,000.

1.2: Improve ABDS Service Delivery

Capacity building for Serbian ABDS providers on subjects related to new technologies is necessary in order to support the increased number of producers that will be applying these technologies. The presence of ABDS providers in the field is very limited to date, and most of them tend to offer their services “from the office” rather than in the field and on the farm. This trend is reflected in their relatively low turnover. The Agribusiness Project will organize activities which will help these ABDS providers understand the necessity of “keeping in touch” with the producers, and creating a trusting relationship and environment for their services.

1.2.1 Improve the Capabilities of ABDS Providers

1.2.1.1: Training in Macedonia for Serbian Agronomists.

This activity is planned as a joint effort involving the Agriculture faculties in Novi Sad and Skopje, in combination with the USAID agribusiness projects in both Serbia and Macedonia. A total of forty participants will attend from Serbia, and these are agronomists that will improve their skills related to the provision of services to vegetable farmers and producers. Since this is a new topic for producers in both countries, the two projects will arrange a four-day training seminar to be held in Strumica, Macedonia. The seminar will take place in 2010.

Expected results: Forty Serbian ABDS service providers will gain improved knowledge and skills related to post-harvest techniques.

1.2.1.2: Field Visits by Specialists in Post Harvest Management

Prof. Elizar Falik, who will provide the training program in Macedonia, will visit Serbia following the seminar in Macedonia and he will conduct workshops for Serbian ABDS providers related to post harvest handling and storage. These workshops are planned to take place in the field, at a local storage facility, to allow the presentation of practical – real world techniques that managers and ABDS providers can use in their every day activities. The first session will be related to the determination of the correct maturity of products harvested for storage, and the second will relate to using the storage systems correctly to minimize the damage to the products during storage. These workshops will be presented to the managers of these storage facilities and to local ABDS producers who assist these managers. This activity will take place following the training in Macedonia, late in 2010 (Project Year Four).

1.2.2 Assist Clients to Access Financial Resources

The Vegetable Sector Lead has not planned any specific activities or events related to improving access to financial resources for sector clients, but the Sector Lead will cooperate and coordinate with the ABDS & Finance Specialist on an as-needed basis to support cross-cutting efforts to facilitate access to credit and finance.

1.3: Support Sales & Marketing Efforts

1.3.1 Support Client Participation in Trade Fairs

The Vegetable sector has plans for a limited number of client firms to participate in some of the international fairs that the Project will be using for sales and marketing support in Year Three of the Project. The fairs, and the client companies, from the Vegetable sector are as follows:

- Anuga – Cologne, Germany – October 2009 (Biotrend, ABC Food)
- Fruit Logistica – Berlin, Germany – February 2010

The Vegetable Sector Lead will collaborate and cooperate with the Sales & Marketing team, to determine the best regional fairs to attend, where producers and processors can present their products to potential buyers from CEFTA countries.

1.3.2 Assist Clients to Undertake Trade Missions

At this time there are no plans to support Vegetable clients for participation in Trade Missions, either to the EU or to regional trade fairs. The usefulness of this particular activity will be assessed during the course of the year and should a focused Trade Mission appear to be an appropriate event or activity for Project support, the necessary resources will be allocated to this event.

1.3.3 Provide Technical Assistance in Marketing

1.3.3.1: Training on Packaging/Labeling/Marketing

To support the grant program for packaging and labeling, the Vegetable Sector Lead will provide assistance to the sector clients who have been awarded grants for the improvements to their packaging and labeling. This assistance could be provided directly by the Sector Lead, or via outside consulting services, either local STTA or expatriate STTA. The Sector Lead will work with these clients over the term of this grant program to insure that these grantees make effective use of the services provided under the grant, and that the revised labeling and packaging adopted by the firms has a beneficial impact on their image and eventual product sales.

1.3.3.2: Market Research on the Russian, Ukraine and Belarus Markets

Markets to the east of Serbia (ie: Russia, Ukraine and Belarus) appear to be particularly attractive for the client firms in the Vegetable sector. In response to this prospect the Project will organize an

STTA consultant to undertake an analysis of these markets, and to provide a comparison of the market demand with the potential of local producers to meet this market demand (assortment, quality, quantity, seasonality, etc.). The study will provide the Project, and the sector clients, with concrete market information, and provide a comparison with producers from other regional countries who are also supplying these markets. For this activity, the Project will engage the services of a TCN expert from Ukraine, Mr. Andriy Yarmak, who is well versed in the fruit & vegetable markets in these countries and who has conducted similar research on these markets for other Agribusiness projects in the Balkans. The activity is planned to take place in late 2009 or early 2010, so that the client firms can have an understanding of the potential of these markets prior to the 2010 production season.

Expected results: Based on the findings and conclusions in this study, it is expected that some of the producers will sign agreements with clients in these markets for sales in 2010.

1.4: Support Youth & Gender Involvement

1.4.1 Farm Management Training for BP Winners

Most of the young farmers who participated in the Best Business Plan program presented ideas related to extensive vegetable production. This type of production is possible on smaller plots, where, with application of modern agricultural technologies, higher profit margin vegetables can be easily produced.

1.4.1.1: Farm Management Training for Best Business Plan Winners

Two of the young farmers who won the Best Business Plan competition will attend all three of the planned Farm Management seminars, along with the professional producers. These events will also give them an opportunity to exchange information and ideas with specialized producers during the program. The Farm Management Training should build their managerial capacities, and teach them how to plan and organize the financial aspects of their farms, which is crucial. These young producers will also be invited to participate in all of the educational activities that will be organized over the course of Year Three for clients in the vegetable sector.

1.5: Support Cross-Cutting Functions

1.5.1 Support the Project Grant Program

There are many individual companies in the vegetable sector that are participants in the Agribusiness Project grant programs. The Vegetable Sector Lead will continue to provide support to these grantees to insure they implement their grants as planned, and that they provide the necessary reporting on their grants. The Vegetable Sector Lead will also support the overall objectives of the grant program and encourage and support sector clients to respond to grant programs as appropriate.

1.5.2 Support Policy Reform Efforts

The main policy related issue that concerns the vegetable sector is the new law on safe pesticide use, and its eventual implementation by Serb authorities. The Vegetable Sector Lead will organize a training program for selected sector client firms to allow them to continue their operations without disruptions because of the implementation of this new law. The Vegetable Sector Lead will also provide support to other Project efforts to implement technical assistance and training related to the new SPU law.



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USAID Serbia Agribusiness Project

Year Three Annual Workplan

October 1, 2009 – September 30, 2010

Annex IV – Cross-Cutting Activity Plans:

Producer Organizations

ABDS and Finance

Marketing and Sales

Youth Program

Environment

Gender Program

Producer Organizations – Year Three Activity Plan

OBJECTIVE 1.1: STRENGTHEN PRODUCER ORGANIZATIONS

Introduction and Background

One of the Project's key components and primary beneficiaries are producer organizations (POs). Originally, the Task Order considered POs to be any non-profit or for-profit enterprise controlled by a group of agricultural producers to serve their interests, such as associations and cooperatives. They also may include any such for-profit organization that may not be controlled by, but broadly serves the interest of, a group of agricultural producers, such as agricultural processors, consolidators, and exporters.

Since that first definition of POs included practically every type of Project beneficiary, we have decided that the producer organization development component should focus only on registered legal entities/organizations founded and controlled by a group of producers and/or agribusinesses. They can be structured as: 1) agricultural cooperatives (for-profit business entities registered according to the current law on cooperatives), 2) farmer associations (not-profit entities registered as civic organizations according to the current law on associations), and 3) for-profit enterprises founded and controlled by producer groups, associations, and/or cooperatives. These organizations should provide services to their members, fulfilling a range of functions within an agricultural value chain—input supply, marketing, advisory, storage, processing, branding, transport, export, technology transfer, as well as advocacy and lobbying on behalf of its members.

Role and Function of Producer Organizations Component in Year 3

Given the strong sector approach in the Project implementation and the key roles played by sector leads, the main focus of the PO component will be on activities that cut across all sectors. The PO specialist will work with cooperatives, associations and informal producer groups identified by sector leads as important for the implementation of their perspective strategies to achieve projected goals and results.

Support to producer organizations shall be at two main levels:

A. Cross-cutting/Organizational (PO specialist) - Assistance at the cross-cutting level shall focus on building the organizational and operational capability of selected existing organizations into competitive agribusiness firms, capable of sustaining the provision of effective services to their members and responding to market opportunities and challenges. This will include management support, improving financial management and marketing skills. The Project also will work with identified informal farmer groups to help them organize and register as business-oriented producer organizations.

At the Cross-cutting/Organizational level of support to POs, the main goals in Year 3 will be:

- 1. Capacity building of targeted agricultural cooperatives** (PO specialist). Strengthen and increase Project efforts to better organize cooperatives as a key element in both maintaining and increasing the competitiveness of farmers. This will be developed, implemented and followed-up by a PO specialist.
- 2. Develop new and reorganize/restructure existing producer and business associations, preferably on a national level** (Sector leads/PO specialist). For the specific sector associations (Medicinal and Aromatic Plants Association, Blueberry Growers Association, Dairy Processors Association), the implementation of activities will be led by designated sector leads with the support of a PO specialist. Associations

on a national level that cut across more sectors will be supported by a PO specialist directly (Organic Food Association, Fruits of Serbia).

- B. Sector specific/Technical** (Sector leads) – Support at the sector-specific level will include activities implemented by sector leads to improve the performance of targeted producer organizations and their members as related to the commodities they produce and value-chain functions they perform. These include: improving farm level productivity, enhancing harvest and post-harvest quality, reducing losses, and introducing value-added products (Please see Sector Leads work plans).

Since Project beneficiaries must have a legal identity and a sound sustainable structure, assistance to producer organizations at the cross-cutting level will be crucial for the successful implementation of sector-specific activities and vice-versa.

Although it may appear that cross-cutting activities do not directly contribute to project indicators, they are critical in both mitigating the key external factors affecting Project implementation and assisting selected Serbian producer organizations to grow into competitive agribusiness firms prepared for EU accession.

However, to fully achieve the projected indicators for targeted POs, the Project should not focus only on organizational capacity-building efforts; it should also provide further assistance to these organizations on sector-specific technical issues related to the commodities they produce and market.

A. CROSS-CUTTING / ORGANIZATIONAL LEVEL OF INTERVENTIONS

CAPACITY BUILDING OF TARGETED COOPERATIVES

Overview

In order to gauge the current operational capacity of targeted POs in Serbia, in this case primarily cooperatives, the USAID Agribusiness Project used the Organizational Capacity Assessment Tool (OCAT), as outlined in the project proposal and performance monitoring plan. The OCAT had two useful functions: First, it measured the current performance of POs for the purpose of monitoring progress (or lack thereof) within the organizations over time, as based on Project interventions. Secondly, it was useful in assessing the performance and organizational management capacity of Serbian Associations and Cooperatives. As such, OCAT provided information useful in identifying assistance programs and segregating organizations for training purposes. The general results indicated that producer organizations are largely poorly organized and are characterized by low and underdeveloped management capacities. Based on these results, it became apparent that there is a wide range when it comes to cooperative organizational performance. Some organizations function quite well economically and adhere to cooperative principles and practices. Conversely, many others function at a very low level of cooperative capacity. The OCAT categorized these organizations using four performance levels, based on a series of performance indicators. Field interviews were conducted with a sample of cooperatives. Those interviews confirmed identified management constraints and prompted a recommendation of further training. In the case of new cooperatives, it became apparent that most were formed without the knowledge of the true purpose of a cooperative or how it should function. Managers and members openly admitted in interviews that they needed significant training to begin operating as a viable enterprise.

The Project hired a consultant, John Haydu, to develop capacity-building programs for producer organizations, based on the OCAT results, as well as sector strategies. As regards cooperatives and

associations, a decision was made to focus capacity-building training activities primarily on cooperatives. There are several reasons for this decision. First, cooperatives represent a for-profit type of organization, whereas associations are not-for-profit. Second, most associations provide very limited services to their members and are not focused on enhancing agricultural income and employment. Third, most (but not all) associations serve more as a political voice for their members and may provide limited information services.

Furthermore, the cooperative sector situation in Serbia today can be described only as very weak, both in terms of institutional and economic performance and growth. The reform and restructuring of cooperatives is something that has yet to occur in Serbia. The key legal reforms required in Serbia to promote cooperative development are centered around the new Law on Cooperatives, expected to be released in 2010. Agricultural cooperatives in Serbia are in various stages of financial solvency and function with varying capacities. Additionally there was a wide range in the pace of capital asset formation, with some reporting high levels of assets (land, facilities and equipment) and others with few or no assets. There are more than 2,000 officially registered agricultural cooperatives, representing several different types, in Serbia. However, only one of these types actually represents the true cooperative model (according to the Serbian Law on Cooperatives). Across the six value chain sectors, the initial pool of functioning cooperatives, along with those with the potential of becoming viable, targeted in Year 3 consists of 20-30 groups at maximum. Since this number does not represent a significant market for service providers and covers only a small share of Serbia's agribusiness, the Project will work with targeted cooperatives focusing on the development of good cooperative models for farmers in selected sub-sectors.

OCAAT Follow-up

A total of three training modules have been developed for agriculture cooperatives and will be implemented in Project Year 3. A fourth module has been developed for associations and informal farmer groups interested in forming a cooperative but that still need basic information on cooperative structures, benefits of cooperation, etc.

The **first module** or program is a generic business training program designed for cooperative managers, while the second and third modules target not only management, but governing bodies and members as well. Due to variations in the level of development of the target cooperatives, the Project must adjust the training program to match the different capacity levels of among the various organizations, management teams and members. Therefore, the **second program** targets cooperatives with a low level of understanding of cooperative organizations, including their principles, practices, and functions. Meanwhile, the **third program** targets more developed cooperatives that exhibit a solid understanding of the cooperative system. It also provides more comprehensive coverage of business management and strategic management topics.

While the first program consists of generic training for cooperative managers, the other two programs will provide individual cooperative participants with training in those components best matched to their level of development, as based on their OCAAT score. The recommendation is to divide participants into several groups, based on their level of development, and allow each to remain with the same group for six months to a year. Once participants have benefitted from the training, and meet all criteria, they may move on to the next training level. These two programs are considered integrated: the third builds on the foundations of the second.

Task 1.1.1: Generic Business Training Program for Cooperative Managers

Rationale for Intervention: Assessments of producer organizations revealed that one of the major constraints facing agricultural cooperatives in Serbia, regardless of their level of development and

size, are low management capacities. Management usually lacks the basic business skills to operate farmers' cooperative as agribusiness-oriented firms in providing effective marketing and supply services. Financial management is the single largest problem, followed by sales capacity, relations with outside partners, and cooperative management practices in general. While existing service providers offer training programs for companies, there have no developed trainings specifically tailored for agricultural cooperatives.

To remove these identified constraints, the USAID Agribusiness Project will launch a comprehensive program of support for the managers of targeted agricultural cooperatives focused on improving business skills. Since the Ministry of Agriculture has also recognized the need for capacity building in many of these cooperatives, we agreed to implement a joint nationwide training program to reach a larger audience, enhance the quality of the assistance provided, and to utilize resources more efficiently. Financial assistance from the Project will cover 50% of all costs related to trainings (service providers, facility rentals, refreshments); the Ministry of Agriculture will provide the other half. Training participants will cover their travel, per diem and lodging costs. The publishing costs of all training materials and brochures will be borne by the Project. In addition to trainings, a study tour to a selected EU country will be organized for the managers who have completed the training program.

Training/Support Type: The training program for cooperative managers will consist of three separate modules: Business Management, Financial Management, and Marketing Management. Each module will include two days of in-class training, with the first day covering basic materials and the second involving a more in-depth approach that will emphasize group exercises, group presentation of results, and inter-group discussions. Training groups, in order to obtain the active involvement of all participants, will be limited to 10-15 people. Planned level of effort calls for 6-9 training sessions, with 12-18 training days, and covering 25-40 participants. The program will be funded through the Project activity budget line.

Activity 1: Cooperative Business and Strategic Management. The purpose of this training module is to introduce the basics of running an agricultural cooperative. Marketing and supply services can be provided effectively only if the cooperative's leaders understand the "economics" of running a co-operative business. In addition, participants will learn about the benefits of strategic planning, and go through a Strategic Planning Process (SPP) in order to both understand its basic components and learn how to develop a strategic plan for their own cooperative. The training will include the following: What is a cooperative manager?; the role and responsibility of the cooperative manager; basic economics of running agricultural marketing and supply cooperatives; the purpose and importance of strategic planning; essential elements of a strategic plan (mission statement, goals, objectives); considerations regarding marketing services; supply services and the importance of dealing with a net surplus, as well as how to use it.

Activity 2: Financial Planning Tools for Cooperative Managers. This training is designed for cooperative managers without an accounting or finance background. It is intended to allow participants to better understand cooperative financial statements and reports, the financial consequences of management decisions, and finally to put that understanding to work. Following the training, managers will be better equipped to either interpret and discuss financial information with cooperative personnel or outsource finance, accounting, and bookkeeping to service providers. The training will include: The basics of record keeping and essential financial records; fundamentals of accounting and financial information; how money flows through a cooperative; basic accounting forms and financial reports, such as balance sheets and profit and loss statements; what information financial statements provide as well as the practical application of that information; how financial statements are used to develop financial forecasts, revenue requirements

and overall cooperative financial goals and objectives; and the importance of financial ratios and what they mean.

Activity 3: Marketing, Selling and Communication Skills for Cooperative Managers. This section addresses three vital skills required of an effective manager to sell a cooperative's products and services. The first is a basic knowledge of the marketing process, or marketing essentials. The second component covers effective selling skills and strategies. This focuses on marketing strategies or the process of identifying and satisfying customer requirements profitably by serving them in a convenient, cost-effective, and timely manner. These skills include understanding the basic elements of a sale, building a reliable client list, making personal contacts, and setting sales goals and objectives based on sales strategies so that sales turnover is maintained or increased over time. The third skill found in a good marketing manager is the ability to communicate effectively, both within the cooperative and outside it when dealing with suppliers and buyers.

Trainers/ABDS providers: Initially, service providers are needed to provide more generic business training for cooperative managers, namely the basic principles applicable across all types of business entities and all sectors of the economy. Due to the specific and unique organizational and membership structure of agricultural cooperatives as for-profit, producer-owned companies, eventually more specific services and training approach will be required. The Project will, together with the Ministry of Agriculture, select qualified service providers through a public bid process. To support existing service providers in building required programs and submitting well-designed proposals tailored for agricultural cooperatives, the Project will provide instructions for training modules designed and recommended by the Project consultant.

Training Certificate for Managers: After completing the training, participants will be awarded a "Training Certificate for Cooperative Managers." The certificate marks the first step toward defining a minimum standard for the managers of agricultural cooperatives. This program, along with the cooperative managers who complete course, will be promoted as "Success Stories" and models for future training. The Project will work with the Ministry of Agriculture, Cooperative Union and other stakeholders in developing this into an ongoing program, introducing a license/certificate for managers of agricultural cooperatives.

Training materials: Training modules will be developed into training materials, handbooks and brochures and published for further dissemination and future trainings. In addition, all developed publications will be posted on the websites of the Ministry of Agriculture and the Project.

Project timeframe (Activities 1, 2, and 3): October 2009/January 2010.

Timeline of program implementation:

- October 2009 - Selection of qualified service provider(s), selection of agricultural cooperatives, contracting selected service provider(s);
- November/December 2009 – Trainings. Final schedule for trainings will depend on the number and geographic allocation of selected cooperatives. Tentative schedule for trainings:
 - Cooperative Business and Strategic Management - 2 days
 - Session 1 – November 4-5, 2009 (Group 1= 10-15 people)
 - Session 2 – November 10-11, 2009 (Group 2= 10-15 people)
 - Financial Planning Tools for Managers - 2 days
 - Session 1 – November 12-13, 2009 (Group 1= 10-15 people)
 - Session 2 – November 17-18, 2009 (Group 2= 10-15 people)
 - Marketing, Selling and Communication Skills - 2 days
 - Session 1 – November 24-25, 2009 (Group 1= 10-15 people)
 - Session 2 – November 26-27, 2009 (Group 2= 10-15 people)
- December 2009 - Award of the Training Certificates.

- January 2010 - Training materials published on website(s).

Projected Outcome: 25-40 managers of cooperatives trained; 25-40 cooperatives with more than 500-800 members assisted; 25-40 cooperatives with improved efficiency and higher incomes within one year's time (this will be primarily measured through quarterly and annual impact surveys. Cooperative managers will state what type of support they received from the Project).

Target Participants: Management of agricultural cooperatives; training participants will be selected according to criteria defined by the Project and the Ministry of Agriculture. The Project expects the participation of approximately 20 cooperatives, from six targeted sub sectors. (Tree Fruit (6): "Vocko", "Prima", "Golden Fruct", "Slankamenka", "Domacin", "Cacanska Jabuka". Berry Fruit (3): "Mladost", "Prima Borovnica", "Agrobit". Livestock (4): "Agronor", "Raca", "Ratar", "Valjevo". Dairy (1): "Preobrazenje". Vegetables (5): "Agronom-Despotovo", "Gospodjinci", "Tisa", "Agrokooperativa", "Zablacanka". Herbs and Mushrooms (1): "Eco Funghi System").

Participants selected by the Ministry of Agriculture may well cover other agriculture sub-sectors, including grains, oil seeds, and sugar beets. A maximum of forty (40) agricultural cooperatives will have managers engaged in the trainings.

Activity 4: Study tour to an EU country to improve the management capacities of Serbian cooperatives. After completion of the training program, the managers of cooperatives who have successfully completed all three training modules will travel to a selected EU country (preferably Italy) to visit cooperatives and federations of cooperatives. The main goal of this activity is to expose management staff of selected Serbian cooperatives to EU producer organization structures and roles, and improve their links with international counterparts. Participants will learn about EU cooperative organizational structure, management systems, internal procedures, and especially marketing activities. In addition, they will discuss the best cooperative organizational models to apply in Serbia. Also to be covered are: membership structure, *share investments* of *member-owners*, types of services provided to members, level of member business participation with the *cooperative and profit-sharing schemes*. The Project will hire a local STTA to design and organize the final study tour agenda, providing more detailed topics and selecting which country and contact organizations to visit. Beyond just cooperatives, the Project recommends inviting representatives from TV stations that provide both national coverage and a specific focus on agribusiness reporting to take part in a study trip. Doing so will promote the program and its goals, as well as disseminate any gained knowledge to a wider audience within Serbia's cooperative sector.

Project timeframe: January – April 2010 (preparations for study trip for early April 2010 in cooperation with World Learning organization).

Type of Assistance: Project Activity and local STTA.

Target Participants: Managers of 20 cooperatives from six targeted sub sectors who have completed trainings: (Tree Fruit (6): "Vocko", "Prima", "Golden Fruct", "Slankamenka", "Domacin", "Cacanska Jabuka". Berry Fruit (3): "Mladost", "Prima Borovnica", "Agrobit". Livestock (4): "Agronor", "Raca", "Ratar", "Valjevo". Dairy (1): "Preobrazenje". Vegetables (5): "Agronom-Despotovo", "Gospodjinci", "Tisa", "Agrokooperativa", "Zablacanka". Herbs and Mushrooms (1): "Eco Funghi System").

Projected Outcome: 1 know-how exchange tour conducted; 25-40 managers of cooperatives trained; 25-40 co-ops with more than 500-800 members with improved organization and efficiency; and increased incomes by 10% within a year.

Task 1.1.2: Basic Training for Cooperative Members and Managers - Cooperative Model

This module targets a small number of cooperatives, namely Project clients who scored poorly in the OCAT rankings and who exhibit a low level of understanding of the cooperative system. The purpose of this module is to educate both governing bodies (board of directors and management) and membership representatives in the fundamentals of agricultural cooperation and in the basics of business management.

Approach: The training program will last two consecutive days; following the training, a backstopping expert from the selected service provider will provide follow-up support to the participating cooperatives. The purpose is to assist them in preparing final policies, procedures and action plans as well to provide guidance and direction for the implementation of organizational and operational best practices. These formalized documents will be ratified by the General Assembly for implementation. Within six months of the trainings, the backstopping experts from the service providers will visit these cooperatives and provide a formal assessment of the cooperatives' progress. Finally, once participants have demonstrated an understanding at the basic level, they will move on to the in-depth training that covers marketing and management topics (Module 3, Task 1.1.3).

This training module will include: basics of agricultural cooperation; basic principles and practices (status, membership and liability of the members, leadership, decision-making, benefits and risks of cooperation); types of cooperative structures; basic economics of running an agricultural cooperative (cooperative business management); federation of cooperatives (status and legal framework, scope of activities); drafting policies and procedures for transparent and effective decision-making; defining roles and responsibilities of governing bodies and management; and forming operating oversight structures.

Project timeframe: December 2009/August 2010.

Timeline of program implementation:

- December 2009 - Selection and contracting qualified service provider(s).
- February 2010 - Trainings; Tentative schedule for trainings:
 - Session 1 – February 2-3, 2010 (Group 1= 15-20 people)
 - Session 2 – February 9-10, 2010 (Group 2= 15-20 people)
- March 2010 - Follow-up support.
- August 2010 - Assessment of the cooperatives' progress.

Type of Assistance: Project Activity (2 trainings; 4 training days; support in writing, backstopping expert support, 10-15 person days).

Projected Outcome: *5 cooperatives assisted; cooperatives principles, economic stakes and legal framework well understood and implemented by the participants; involvement of cooperatives members in the decision-making process strengthened; an efficient internal management system (procedures and policies) designed by cooperative participants; efficiency improved at 5 cooperatives with more than 100 members and increase incomes by 10% within one year.*

Training Participants: Agricultural cooperatives (Tree Fruit (3): “Domacin”, “Cacanska Jabuka”, “Fruit Garden”. Berry Fruit (2): “Prima Borovnica”, “Agrobit”. Dairy (1): “Preobrazenje”. Vegetables (1): “Zablacanka”. Herbs and Mushrooms (1): “Eco Funghi System”).

Task 1.1.3: Comprehensive Training of Cooperative Members and Managers - Strategic and Marketing Planning

This training targets a smaller audience of better-performing cooperatives, or Project beneficiaries who have exhibited a high level of understanding of the cooperative system. These are the

cooperatives with the highest potential for growth and for achieving positive results. This training module is designed to provide cooperatives with comprehensive coverage of the role, purpose and function of strategic and marketing planning through lectures and practical exercises. The cooperatives will be able to identify the directions they want to take with regard to the products and services they offer or plan to offer. The cooperatives will go through a process of planning the pricing, promotion and distribution of goods and services. As a result, cooperatives will be able to identify customer needs and wants, determine target markets, and design programs to serve these markets.

Participation in this module will be required of governing bodies and coop representatives. This is important because it will raise awareness and increase the involvement of members as cooperative owners in decision-making and in the process of establishing the direction that cooperative want to take. More importantly, it will require them to design and develop draft Strategic and Market plans for their own cooperatives. This will set the stage for follow-up work with service providers after the training to assist participating cooperatives in completing their final long-term development strategies, marketing strategies and short-term action plan, as well as to provide guidance and direction for their implementation. This program will also be open to cooperatives that have completed the basic training program (Module 2, Task 1.1.2) covering the basics of agricultural cooperation. From a sustainability standpoint, Modules 2 & 3 will become the framework for all future cooperative training.

Approach: This training module will cover two days: the first day will involve lectures and short exercises covering the Strategic Plan and the Marketing Plan. The second day will involve group exercises to develop outlines of a Strategic Plan and Marketing Strategy specific to each cooperative. Upon returning, each cooperative will have 30 days to formalize each document, and have it reviewed by the backstopping expert from the service provider for both accuracy and completeness. These formalized documents will be ratified by the General Assembly for implementation. The Strategic and Marketing plans will be published and presented to a wider audience and be promoted as success stories, through the media, as cooperative models that can be replicated. Within six months of the trainings, the backstopping experts from the service providers will visit these cooperatives and provide a formal assessment of their progress.

Project timeframe: December 2009/August 2010.

Timeline of program implementation:

- December 2009 - Selection and contracting qualified service provider(s).
- February/ March 2010 - Trainings. Tentative schedule for trainings:
 - Session 1 – February 23-24, 2010 (Group 1= 15-20 people)
 - Session 2 – March 2-3, 2010 (Group 2= 15-20 people)
 - Session 3 – March 9-10, 2010 (Group 3 15-20 people)
- April 2010 - Follow-up support.
- August 2010 - Assessment of the cooperatives' progress.

Type of Assistance: Project Activity (2-3 trainings, 6-10 training days; support in writing, backstopping expert support, 10-15 person days).

Projected Outcome: *4 cooperatives assisted; methodology for preparation of the cooperative development and marketing strategies well understood and implemented by the participants; cooperatives introduced to basic market development and trends; involvement of cooperative members in the decision-making process strengthened; cooperative strategies and action plans designed, adopted and under implementation. 4 cooperatives with more than 100 members with improved efficiency and increase incomes by 10% within one year.*

Training Participants: Agricultural Cooperatives (Tree Fruit (4): “Vocko”, “Prima”, “Golden Fruct”, “Slankamenka”, Berry Fruit (1): “Mladost”, Livestock (2): “Agronor”, “Raca. Vegetables (3): “Gospodjinci”, “Tisa”, “Agrokooperativa”.

Follow-up Support:

Based on the developed strategies and short-term action plans the Project may support cooperatives in carrying out planned activities and projects in 2010/ 2011 through the grants program.

Task 1.1.4: Prepare and enable informal farmer groups and associations to advance into cooperatives

The Project designed a training module and will select a service provider and/or local STTA to provide assistance to identified informal farmer groups and non-profit associations that want to advance into business-oriented cooperatives (examples include a group of 40 quince fruit growers from Cacak who produce more than 2,000 tons per year; different informal groups of berry fruit growers; the “Zeleni List” association of vegetable growers, etc.). These groups need assistance in setting up cooperatives with sound, sustainable structures that can provide services to their members and make them market competitive. The most critical issue is to organize the new entities and establish the best cooperative models and organizational structures for their start-up period. Many new cooperatives have failed because they did not first receive cooperative training, or any assistance in formally establishing the cooperative prior to providing marketing and supply services.

This will be an open program during Year 3, and trainings will be conducted from time to time based on the number of requests from farmer groups and associations. Training will cover one day and include: Legal framework in Serbia for registering and running a cooperative with a step-by-step approach; basic principles of agricultural cooperation (status, membership and liability of the members, leadership, decision-making, and benefits); introduction to the basics of cooperative business management; and policies and procedures for transparent and effective decision-making.

With the goal of assisting a larger number of farmer groups in setting up their own cooperative enterprises, the Project is considering, along with the Ministry of Agriculture and Cooperative Union, the possibility of delivering this training through regional rural networks and regional cooperative unions. This national campaign would be implemented and co-funded jointly with the Ministry of Agriculture.

Project timeframe: November 2009 – September 2010.

Type of Assistance: Project Activity (5-10 trainings, support in writing, backstopping expert support, 5-10 person days).

Projected Outcome: *5 informal producer groups assisted; cooperatives principles, economic stakes and legal framework well understood by the participants and implemented by a minimum of 3-5 groups that formed registered cooperatives; 30-60 new members who will establish/register new cooperatives.*

Task 1.1.6: Organize trainings on Quality Management Systems (QMS) – preparations for group standards certification

Only a small number of the applications submitted by producer organizations to introduce the GlobalGAP standard were approved. The reasons for this include both a lack of comprehension of the main requirements for the group certification of small-holder organizations, as well as the very capability to do so. The key element for any group certification is putting in place, maintaining and running an effective quality management system (QMS) within the producer organization. That requires of the producer group a proper organizational capacity and the properly trained organizational staff to manage and maintain the QMS as a prerequisite for GlobalGAP certification.

The Project will use local experts (STTA) to provide assistance designed solely for cooperatives to strengthen both their awareness and their capacity to set-up and maintain QMS as a requirement for successful group certification in GlobalGAP. Cooperatives have different constraints and therefore need different types of support than do other stakeholders to address the main issues associated with successful certification. Capacity-building areas of support may also include a wide-range of issues, such as traceability, sound record-keeping and documentation, safe use and storage of agrochemicals, fruit handling and grading, as well as any other technical area deemed as a critical control point for GlobalGAP certification. Main target beneficiaries are berry fruit and vegetable cooperatives (Prima Borovnica, Mladost, Agrobit, Zablacanka, vegetable growers from Striza, etc.)

Project timeframe: November 2009 – March 2010.

Type of Assistance: Project Activity (ABDS) or local STTA (3 trainings).

Projected Outcome: *3-5 POs assisted and trained in QMS; 3 cooperatives with introduced QMS and applied for GlobalGAP certification.*

FOSTER DEVELOPMENT OF NEW, AND REORGANIZE/RESTRUCTURE EXISTING, PRODUCER AND BUSINESS ASSOCIATIONS ON A NATIONAL LEVEL

One major weakness identified in the Serbian agribusiness environment is a shortage of viable farmer and industry associations at the national level that represent sub-sector interests. It has become apparent that stakeholders from each of the targeted value chains realize the need for alliances to represent them as a group and, in doing so, to foster growth with each of their commodities. However, very few show the initiative and dedication to take part in forming and funding such organizations. In Serbia, there are dozens, if not hundreds, of national associations that exist only on paper. Most were formed as civic organizations, primarily as a means to acquire a political voice, without setting proper organizational structure, goals, strategies, and without providing any member services.

Therefore, in Year 3 the Project will focus on groups of agribusinesses and farmers, as well as on existing associations, all identified by sector leads, that showed interest in forming viable organizations. The Project will target only a few associations, and may operate at either the regional or national level. The goal is to make key leverage points for stakeholders in targeted sectors. The purpose is to assist them in providing tangible services to their members and to sustain their own viability after the life of the Project.

For specific sector associations, the implementation of activities will be led by designated sector leads with the support of the PO specialist (Medicinal and Aromatic Plants Association, Blueberry Growers Association, Dairy Processors Association), **while for the associations that cut across more sectors, the PO specialist will take the lead role** (Organic Food Association, and Fruits of Serbia Association).

Task 1.1.6: Strengthen national associations

In support of sector lead efforts to revitalize existing associations and to create new associations, the PO specialist will hire local STTA and/or service providers to assist and train each association in setting up efficient organizational structures and in developing tangible member services. The main tasks of the PO cross-cutting component will be providing support to associations to articulate and prepare: 1) Organizational structure and internal rules; 2) By Laws based on the new Serbian Law on Associations, with special recommendations and inclusions; 3) Annual operational budget; 4) Revenue structure (member fee structure, revenue-generating activities and services); 5) Long-term development strategy and mid-term objectives; 6) Action plan – an activity program on an annual

basis; and 7) Advocacy and lobbying strategy. The project will also use local STTA to assist associations with legal registration issues.

Based on the developed strategies and short-term action plans, the Project will support associations in carrying out their planned activities in 2010/ 2011 through a capacity-building grants program that will be released in the second quarter of Year 3 (Please see more in Grants Program work plan - Annex 4).

Activity 1: Expert support to targeted associations. The Project will bring in a consultant to meet with the target associations to assess their organization, needs and constraints and provide recommendations and guidance for each. The consultant will advise associations on different organizational models, how to improve their viability and the provision of member services. The consultant will propose a set of interventions and activities specific to each organization. Targeted beneficiaries are the following recently formed national associations: Fruits of Serbia Association, Medicinal and Aromatic Plants Association, and Organic Food Association. It is expected that once the associations articulate their activities, they will ask for the project support. This support will consist of the Project's underwriting the management of those associations. The plan is to help the organizations identify and plan activities, and to support the implementation of those activities that will support both their members and sectors. For new associations, underwriting management costs could be an option only if the associations themselves cover the majority of those costs and only then for a start-up period. This should occur only in conjunction with the implementation of concrete activities.

Project timeframe: November/December 2009 (identification and contracting foreign STTA, three week assignment and follow up).

Type of Assistance: STTA support.

Projected Outcome/Expected results: *3 associations and more than 100 agribusinesses assisted; 3 associations with improved organization and provision of services; association members achieved increased sales of USD\$300,000 within a year.*

Activity 2: Organize new national herb processors association. The project will assist herb processors and exporters who are currently members of the "Medicinal and Aromatic Plants Association of Serbia" to establish a new organization, to be set up according to the new association law (Please see more in Herbs and Mushrooms Sector work plan). The association needs to set up a new viable organization that will serve its members, and to articulate its long-term and mid-term objectives. The PO Specialist will be responsible for these activities. Based on the strategies developed and the short-term action plan, the Project will support the implementation of all planned activities through the grant scheme. The PO specialist will also help the sector lead to assist the association's implementing a set of industry-based activities in Year 3.

Project timeframe: October 2009 – March 2010 (association development).

Type of Assistance: Project Activity and STTA support.

Projected Outcome: *1 new functional national association established; 10-15 member companies assisted; USD\$300,000 in member sales achieved.*

Activity 3: Support establishment of a national blueberry organization. An initiative to establish a national umbrella organization was launched by the Project's clients, including both blueberry growers and related ABDS providers in Serbia (Please see more in Berry Sector work plan). The PO specialist will help the berry fruit sector lead to design and provide a set of assistance measures to this new PO and thus ensure the sustainable development of both production and sales of this valuable crop in Serbia. The assistance of the PO component will include the provision of consultancy and advisory services in the selection of the appropriate form and development of its

by-laws and strategic plan, as well as in the linkage to/transfer of knowledge and experience from world-leading POs specializing in blueberries, such as the U.S. Highbush Blueberry Council, or USHBC).

Project timeframe: Nov 2009 – Sep 2010.

Type of Assistance: Project Activity and STTA support (ABDS/local STTA for association development, foreign STTA).

Expected Outcome: *1 new national association established; 5 local/regional POs assisted; 20 new members joining existing POs; USD\$100,000 in member sales achieved.*

Activity 4: Develop Serbian Dairy Processors Association. Serbian dairies are interested in addressing critical sector needs through an organized structure, such as an association. The dairy sector lead, with the support of Gabriel Pascual, STTA, worked with dairies in Year 2 to speed up the formation of the association and prepared the association model that will be launched in Year 3 (Please see more in Dairy Sector work plan). The PO specialist will assist the sector lead in Year 3 with legal registration issues and the setting up of a proper structure in light of the new law on associations.

Timing: November 2009 – September 2010.

Type of Assistance: Project Activity and STTA support (ABDS/local STTA to assist association with legal registration issues).

Projected Outcome: *1 national association formed and registered; 5-10 member companies assisted; USD\$300,000 in member sales achieved.*

B. SECTOR SPECIFIC/ TECHNICAL LEVEL OF INTERVENTIONS

Support at the sector-specific level will include activities designed and implemented solely by sector leads to improve the performance of targeted producer organizations and their members, as related to the specific commodities they produce and value chain functions they carry out. These includes: improve farm level productivity, enhance harvest and post-harvest quality, reduce losses, and introduce value-added products (**Please see Sector Leads work plans**). Most of these activities will not be designed for and focused on solely producer organizations; they also may include other stakeholders as well, such as companies and large individual farmers. The PO specialist will provide support to sector leads for those activities designed specifically for POs and will provide follow-up capacity-building support to those assisted POs to assure the successful implementation of sector-specific activities.

ABDS and FINANCE – Year Three Activity Plan

OBJECTIVE 1: IMPROVE ABDS DELIVERY

Introduction

To compete in their markets, input suppliers, farmers, and firms all along each value chain will need a consistent use of services provided by ABDS. Such services will upgrade their management capacity skills, increase yields and productivity, lower their costs, improve financial performance and bankability and others. The USAID Agribusiness Project (in future the Project) will focus on creating a fabric of market driven service providers who can help the sector to develop more rapidly on its own over the long term.

The Project has been focused on coordination and provision of these skills in technical, management, marketing and financial areas to the targeted subsectors during year 2 of the program and will continue to do so in the next year as well. Given the relatively scarce supply of ABDS in Serbia, technical assistance to firms in key points along each value chain will be initiated by the Project staff in an effort to build a network of sustainable ABDS providers.

The Project will enhance the capacity of local service providers to serve the needs of the value chains, while ensuring that there is demand for such services, to guarantee sustainability. In addition to presented tasks in this WP the Project will continue to indentify market failures during Y3 and will work on the solution providing in order to bridge these failures.

Note: detailed activities related to ABDS component by sub-sectors are presented in the sub-sector plans.

Task 1.1 - Develop ABDS network

The Project's crosscutting activities to build the supply of market-driven services directly to Serbian businesses will include development of generic and value chain specific ABDS network. The services will be used, while actively engaging them for implementing specific assignments (for detailed activities please refer to the cross-cutting and sub-sector ABDS activities). We have identified more than 100 public and private ABDS by the end of Year 2 that cover a wide range of products and services and will continue to indentify more in order to provide the best possible services to our target companies. The project will also focus on capacity building of ABDS in order to improve knowledge base of the local provides and to ensure that the know-how of experts and STTA are kept in Serbia. In such way the Project will ensure sustainable development of the service providers which will boost the growth of agriculture related companies.

Task 1.2 - Continue work on consolidation – link to cold chain

Companies in Serbia are receiving inquires and orders from foreign buyers for LTL (less than container load) shipments but the companies are:

- Failing to pursue the business because the order sizes are insufficient.
- Unsure how to manage the LTL logistics

- Not delivering any products due to high transportation costs which makes their products less competitive.
- Delivering shipments partially in disorganized manner at the higher transportation cost per unit

The Project identified and worked with Lagermax (consolidator company) during Y2 on organizing consolidator services on the national level in the manner that provides Serbian companies with increased opportunities to deliver LTL shipments at competitive rates. As of July first consolidated shipments left Serbia to Montenegro, Austria and some other EU countries. During the Y3 the Project will:

- Assist Lagermax to further develop and refine the consolidation service to Serbian exporters.
- Facilitate meetings with companies involved with Fresh exports and companies recommended by sector leads and cold chain study and logistic/transport/distribution system like Lagermax or others – produce tailored solutions for clients.
- Disseminate information on logistics/distribution/transportation services to a larger audience through series of presentations at sector meetings and within the local fairs.
- Develop new website that will serve as a portal for logistic, distribution, transportation companies – presentation of liner services, online scheduling.
- Work with service provider to attend international tradeshows organized by the Project.

***Expected results:** Introduced new service by ABDS provider to all potential clients – new revenues for provider US\$ 240,000; new export sales for companies US\$ 1,600,000; companies able to deliver LTL to EU, US and Russian markets at the competitive prices.*

Task 1.3 – Continue ToT for Safe Pesticide Use (SPU)

During Y2 the Project has successfully trained and certified 20 trainers and more than 500 individual producers in SPU. According to the latest food safety law, any person involved in pesticide use should be properly trained for pesticide handling and use. This leaves an enormous number of people using pesticides that are not trained in SPU. The project will continue in capacity building for this service by assisting MOA in developing the strategy for training of at least 100,000 farmers in the next three years.

This overall objective will be achieved by two major lines of capacity building activities: 1) Supporting the network of the national trainers on PSEE and agribusiness service providers, and 2) Supporting the institutions in Serbia with tailor-made information, assistance and services. An implementation work plan consisting of 6 activities has been put together, including: Start-up phase, Training of Trainers, Training for Users, Exchange of Experience & Expertise, Match-making and Tasks Information Network. The task will involve 36 ABDS providers from all regions of Serbia, including 3 newly formed and privately owned providers.

Note regarding this activity that we are well aware of the large numbers of farmers that need to be reached with SPU training. In year three we aim at developing a strategy in concert with the Ministry of Agriculture to prepare for this. We must proceed carefully in this process because of the sensitivity of this issue within the ministry. The ministry sees this area as their purview and are currently resistant to the notion of moving forward on a broader training front through ABDS providers. At the moment the ministry views response to this immense need as action that can be managed or at least controlled within the ministry itself. We will carefully proceed in this area to develop and propose a multi-faceted approach to meeting an anticipated vast demand, but we must

do so cooperatively with the ministry. We will manage this as we do all joint activities with the ministry, in a collegial and cooperative manner that in the end we believe will lead to a satisfactory, effective, and realistic strategy.

Expected results: Create a system and strategy together with MOA; train minimum 40 new trainers in SPU to ensure faster training process of the individual farmers

Note: More details are presented in the Environmental Section

Task 1.4 - Prepare and promote new Belgrade Food Show

The split of Yugoslavia shrank the size of the new born countries' domestic markets leaving each of the Republics with just pieces of what once was a 22 million population domestic market. In such environment no Republic has developed a commercially viable regional (international) food trade show which will be the focus of all major food companies from former Yugoslavia and regional countries. Since Serbia has the best developed food industry of all former Yugoslav Republics and huge trade surplus with CEFTA countries, good geographical position (located on the cross roads of Eastern Europe) it would be normal for Serbia, Belgrade to host the largest food show in this part of Europe. The Project staff (ABDS and Sales and Marketing) spoke about this market failure with numerous Serbian companies inquiring about the need for such venue in Belgrade and reactions were positive.

During Y2 the Project identified Expo XXI and Belexpo (fair organizers and stand constructors) as possible private trade show providers who are interested in developing food show in Belgrade.

Expo XXI and Belexpo have been successful organizers of various tradeshows as of 1995. Today they are the owners of 2,500m² of column free, multi-functional space, having partition walls to adapt the hall shape according to specific requirements, high ceilings to hang banners and lights and underground utilities channels provide technical connections to any part of the hall. They host and organize 10 trade shows per year. The hall size is perfect to organize the initial trade show as we are expecting 80 participants in year one.

It is our plan to grow the Belgrade food trade show in the next three years through service providers to reach minimum 300 companies from Serbia, former Yugoslavia and regional countries and to become the focus point for the food industry of Eastern Europe.

To be able to do so we plan to work with the Expo XXI and Belexpo (as local service providers) and the National association for food trade – NASFT, (as foreign STTA) to develop Belgrade food show with association funding.

Hire NASFT (or a comparable providers) as an STTA to assist with:

- Drafting of the strategy for the development of the Belgrade food trade show;
- Technical assistance with food show layout and organization;
- Assistance in creating the exporters association to partner Expo XXI and Belexpo;

The Project staff will also assist service providers with:

- Promotion of the trade show via: website development; PR campaign; advertising; direct promotion in the regional fairs, engage Serbian Chamber of Commerce, Belgrade City Hall.

- Ensure exhibitor base: domestic via presentations; promotional campaign; foreign – link with Tuto Food and Fancy food, advertize within regional countries.
- Work on the buyer attendance – invite all the major retail chain in Europe.
- Develop proper training sessions and ensure adequate guest speakers for the three days presentations during the show.

Expected results: *First food show in Belgrade should attract at least 80 exhibitors (40 domestic and 40 foreign). Project will use grant funds to assist this activity. One new ABDS started; US\$ 250.000 new revenues for the service provider; 10 new jobs within the service provider; 40 local companies exposed at International Trade Show; US \$4 million of total sales of participated companies; possible creation of export association and finance vehicle for the association.*

Implementation Period: September 2009 – November 2010

Note: More details are presented in the Marketing and Sales Section

Task 1.5 - Management training - capacity building and promotion

During the Y2 the Project has successfully organized business training program emphasizing several themes: Professional selling skills, Integrated marketing communication, strategic and business plan development, finance for non finance managers and business networking and trade shows. While creating the program we expected that the companies which attend the trainings will be in position to set the proper business strategy, better promote themselves at the markets, understand market needs, increase sales/exports, utilize inputs, improve image and rating, gain easier access to bank loans, and make strategic decisions more wisely. Since the program just ended we will survey all the clients by the end of September. We will also survey them to realise in which other areas they need additional trainings. During the trainings several clients already asked service providers for additional services.

We will work closely with service providers to promote success stories from the trainings and to further promote their services. To achieve this, we need to:

- Survey the results of the Improvement of the business skills training program. Based on the results, decision has to be made whether there is interest in repeating such trainings.
- Work with service providers on promotion of their services.
- Organize one day event (where all the certificates will be delivered to companies); promote other services (other trainings) of the service providers; conduct the survey.

While talking to several clients we assumed that many of them would also like to learn more about and to improve their skills in commercial negotiation and business leadership area.

We will also survey all the clients to get the response regarding these two trainings. In case they do, the Project has already contacted Carr Swanson & Randolph (CSR) that has a specialized course that it regularly teaches in the US and it is consistently rated as the best workshop given to clients. Typically it is a two week residential course. Therefore, engagement of CSR to do the ToT for business service providers (that are delivering the business training program) and other ABDS providers is envisioned.

Expected results: *Two new trainings added to training portfolio of the existing training companies; at least 5 service providers (10 trainers) trained; minimum 20 companies trained in negotiation and business leadership skills;*

Implementation Period: February 2010 – April 2010

Task 1.6 - Renew Global Gap certification

The value chain analysis of selected six subsectors prepared by the Agribusiness Project have shown that the lack of compliance with international standards is one of the key obstacles in increasing competitiveness of agricultural products in both domestic and international markets. In addition, future EU integrations and WTO membership will put additional pressure on greater implementation of relevant international standards and quality management systems in production and processing of agricultural products.

In order to prepare Serbian agribusinesses to successfully compete in the international market, the Project plans to continue supporting introduction of international standards through the grant program on a cost-share basis with client agribusinesses (the program will encompass quality and safety standards – GlobalGAP, ISO 22000, ISO 14001, in accordance with specific program criteria). During the Year 3, the Project will have additional focus on assisting existing producer organizations with achieving group certification for GlobalGAP. Key element for any group certification is to put in place, maintain and run an effective quality management system (QMS) of the producer organization. That requires proper organizational capacity of producer group and the necessary trainings to staff of these organizations to manage and maintain the QMS as prerequisite for GlobalGAP certification. The Project will use local experts (STTA) to provide assistance designed solely for cooperatives to strengthen their awareness and capacities, address the weak points in their operations which are crucial for setting-up and maintaining QMS as requirement for successful group certification of GlobalGAP. The Project will also train the service providers on selling techniques and facilitate presentations to interested companies.

Note: More details are presented in the Policy Section

Task 1.7 – Improve feed of Livestock and Dairy cows

The situation in animal feeding industry is somewhat paradoxical. While we have on one side 20 legitimate companies involved in production of animal feed than cover 10% of the market we have more than 1500 illegal companies operating in the gray area that are providing animal feed for the rest of the market. The complexity is even bigger as we realize that large companies consider themselves as fierce rivals. The second issue is a level of education among farmers and awareness of what feed would benefit to their companies. We also like to see properly organized both animal feeding companies and farmers so they could benefit from economy of scale and have better negotiation power with state authorities. There are several challenges we wish to tackle with this assignment:

- Raise the level of knowledge of importance of proper feeding among farmers
- Organize farmers in coops or other forms of association and link them with slaughterhouses, dairies and feed producers
- Organize animal feeding companies around some goal like consumer education which will lead to increase in consumption of animal feed, therefore their sales;
- Lobby for implementation of laws (animal health, food safety) as the companies operating in the gray area are not fulfilling law requirements and may endanger human health,
- Introduce bank loans where needed to finance proper animal feed – use dairies, coops and slaughterhouses as loan carriers;

Properly balanced animal feed ratios are crucial to good herd performance and overall farm competitiveness. The Project will work with feed companies supplying larger farms and cooperatives on improving their production practices and product services through direct STTA

assistance and/or through grants. By helping implement modern technologies and helping distribute advisory and other services to stakeholders in the field, the Project will contribute to sector development and creation of additional revenues and employments by sector firms.

The project is planning a big sector meeting where all major stakeholders will meet and discuss: the strategy in educating the farmers on benefits of proper feeding, development of business models for supply of feed, association and cooperatives forming, stimulation of legitimate business, and advocacy towards ministry on law implementation. The project will also work with local ABDS (Agrar kontakt, Taurus and veterinarian stations) to educate and promote proper animal feeding to farmers. The data collected during two grants (Taurus and Agrar kontakt) will be presented as they both show increase in productivity and yields (in livestock and dairy) caused by proper feeding among other factors.

***Expected outcomes:** Increase in revenues and employments generated by ABDS (increased market share of legitimate feeding companies from existing 10 % to 20% by expanding the market), better productivity and profitability at farm level;*

OBJECTIVE 2: IMPROVE ACCESS TO FINANCIAL SERVICES BY SERBIAN AGRIBUSINESSES

Agribusinesses in Serbia face significant problems in accessing loans for working capital and investment, although the agricultural sector represents a large and attractive market that is critical to the growth of the economy.

Task 2.1 – Improve financial services in agribusiness

The current crisis is at its roots a financial one. Credit was extended against assets which were subsequently found to be higher risk than anticipated, and in many cases worth less than the credit extended. The resulting contraction of credit has stemmed from two related drivers. First, creditors took enormous losses, forcing them to contract their loan portfolios to increase capital ratios back to acceptable levels. In many cases, doing so has required an infusion of public funds. Creditors simply have less money to lend and are cautious about lending the funds which they do have. The retreat from the CEE has been especially severe, with funding not expected to return to the previous levels for the foreseeable future. Anticipating a negative flow of credit, loan rollover rates to emerging markets are expected to be below 100 percent for some time. The second driver for the contraction of credit has been an increase in risk aversion. After mispricing the risk on mortgage securities, creditors are hesitant to lend to any but the most secure borrowers. Risk premiums, which had hit all time lows in previous years, ballooned. Both emerging markets companies as well as developed market firms that are all but the most secure have experienced a contraction of credit and very high interest rates where credit is available.

The group of indicators which point out the presence and intensity of the crisis are those pertaining to credit activity. If fewer loans are allocated to beneficiaries, this means: i) that banks are reducing their credit portfolios, whether in total or to only a certain specific sector or group of beneficiaries; ii) that there is less demand from beneficiaries since they have no confidence in the success of their business plans, or iii) both. In the case of the first half of 2009, banks reduced their credit activities and agricultural producers were less interested in taking loans, particularly those intended for investment. For instance, in the period from January to March 2009 Komercijalna Banka only approved 10 agricultural loans, whereas the same bank had approved over 6,300 loans to agricultural beneficiaries in the previous year, of which 226 in Q1. ProCredit bank, the bank with

the greatest agricultural portfolio, with 37% share in total loans to agricultural producers, recorded a drop in agricultural credit activity of 28% in number of new loans and 40% in value during the period January – March compared to the previous year, which indicates also that the unit value of credit has dropped from EUR 2,768 EUR to EUR 2,302.

The ABDS/finance advisor will work with the STTA to assess major problems and to provide solutions in financing agribusiness. Some of the areas that need development are:

- Develop program for strengthening the network of financial ABDS providers who can develop costing and financial feasibility studies for particular business investments and alternatives.
- Assist banks and other financial institutions in developing credit facilities demanded by clients and identify lenders willing to develop their agricultural finance capacity, and work with them to develop credit facilities to respond to particular needs for financing.
- Improve collateralization of farms through legal registration - work with associations and the Ministry to register farms, making them eligible for governmental financial assistance and commercial loans.

The Project staff will also:

- Facilitate dissemination of information about government/bank/donor credit/loan packages for agribusinesses (Ministry of Agriculture, SIEPA, Development funds, Republican Agency for SME development and other donors);
- Revise and update the Agro lending brochure;
- Advise individual clients on preparation and application for bank loans and guaranties;
- Conduct seminars with bank loan officers to educate them on mitigating risk in lending to agriculture and agribusiness. We will focus on a core group of lenders such as Agrobanka, Procredit Bank, Opportunity International, Credit Agricole, Societe Generale, Intesa and Piraeus Bank, etc.

Expected deliverables: Seminars and workshops, 300 agribusiness entrepreneurs informed and pursuing loans

Task 2.2 – Provide assistance in stimulating credit activity

The current crisis started out as a financial crisis, and the first effects were felt in that sector. Similarly, first government interventions for alleviation of the crisis in other countries (in our country as well) were directed at stimulating credit activities. It was realized that loans are more necessary now than ever before, and that it is necessary to revitalize the banking sector. Especially bearing in the mind that it was the agrarian credit portfolio that has suffered the largest drop since the beginning of the crisis and that funding for the purchase of harvested products are necessary to be provided. Agriculture needs:

- Identifying credit facilities for product buyers, which would guarantee purchasing and related payments;
- Identifying credit facilities for facilitating funding for trade, to be organized by the state (e.g. extension of deadlines), which might provide an advantage for Serbian producers;
- Seeking credit support to producers for improving competitiveness;
- Recommending incentives for short-term loans for sowing (both in autumn and in spring)

The Project can not address all of agriculture needs stated above. However we can facilitate some contacts with other donor organizations that may address some of the needs. ABDS/finance lead has contacted Europe Enterprise Network (EEN) to coordinate projects around competitiveness improvement. EEN is in charge for dissemination of information related to EU grants for competitiveness improvement and for innovation (CIP – Competitiveness Innovation Program). European Commission CIP Program which is open for participation to companies and institutions from the EU, Balkan countries and Serbia as well.

The EC has launched the Call for Proposals for Eco - Innovations, in which companies from the food and beverages sector can participate. EC share in the costs of eco innovations is 50%, and the total budget is 30 million euro for 40 projects (800.000 euro per project). Scope of the actions to be supported under this Call is the following:

- Cleaner and innovative products, including packaging methods and materials, processes and services aiming at higher resources efficiency. Full raw material, utilization in the food sector, which increases resource efficiency and productivity, reduces bio-degradable waste, and supports the transition to a bio-based economy.
- Cleaner and innovative products, processes and services aiming at a reduction of waste and greenhouse gas emissions, or/and increasing recycling and recovery.
- Improved efficiency in the water consumption of a process or improved eco-efficiency of water management.
- Innovative cleaner products, processes and services aiming at reducing the environmental impact of consumption of food and drinks, such as labeling or logistical services addressing packaging, distribution and purchasing decisions.

The Project will assist the companies from livestock and dairy industry to get involved in this project for building waste processing units and improve energy utilization.

***Expected results:** At least one project implemented for creation of waste processing company that will solve problems with waste disposal for 30 Serbian slaughterhouses. One new ABDS created; 30 new jobs; US\$ 1.2 millions funds attracted.*

OBJECTIVE 3: IMPROVE ABDS DELIVERY BY SUB-SECTORS

Note: more details are given in the sub-sector plans

MARKETING & SALES – Year Three Activity Plan

Introduction and Background

The goal of the USAID Agribusiness Project is to increase the value of Serbian agricultural product sales and to boost employment in the agricultural sector. To date, the Project has focused on two factors critical to improving market access for Serbian agribusinesses.

First, the Project has helped producers gain a deeper understanding of product and delivery requirements and pricing in domestic and international markets, by developing better sales, marketing and negotiation skills, and by obtaining greater exposure to buyers through buyer visits, international fairs and the Internet. The Project's implementation philosophy is not to strongly differentiate between the domestic and international markets (there is no safe home market for producers that cannot meet international quality, cost, production capacity and service standards), so the Project plans to continue its work with producer associations specifically on driving demand for Serbian brands in the domestic market.

Second, the Project has worked on the public sector marketing support infrastructure for Serbian agriculture. Past work by USAID projects with the Serbia Investment and Export Promotion Agency (SIEPA) and the Ministry of Agriculture, Forestry and Water Management (MAFWM) has shown that Serbian government marketing and promotion programs can be a catalyst for new exporters and small producers to develop new markets. This support is critical in Serbia, because many producers lack the skills, knowledge and funds to get started on their own. It is also a proven sustainable model employed by many successful exporting countries. However, due to the Global Financial Crisis, the Ministry of Agriculture and SIEPA have reduced or eliminated their financial support for export promotion. The USAID Agribusiness Project aims to work directly with the Ministry of Agriculture, export-oriented associations, cooperatives and private companies to improve and enhance their abilities, services and financial resources to allow them to pursue export promotion.

This two-prong approach, in conjunction with the work of the sub-sector cross-cutting teams, has resulted in impressive gains in sales and jobs. As the Project nears the end of Year 2, the gains already exceed the end-of-Year-3 targets in sales consummated and jobs gained. The Project's success on two major indicators provides it an opportunity in Marketing and Sales (M&S) to explore new models of sustainability and to quicken the pace of transition of the Serbian response to market opportunities.

Through a series of sector meetings with Project team members, companies, the MAFWM and associations, the M&S team has developed a comprehensive Year 3 implementation plan for exploiting the transition window that is open to the Project. The Project's Year 3 plan is divided into two main elements that target the depth and breadth of Serbian response capabilities to market opportunities.

- 1) Depth - Enhance firm-level ability to identify, respond to, and succeed in capturing market opportunities. For some firms, this could mean developing in-house capacity and for others reaching out in a knowledgeable way to engage service providers.
- 2) Breadth – Strengthen service provider capacity to provide excellent sales and marketing services, to price such services correctly, and to be able to identify the market needs for such services.

Objective 1 - Implement Firm-level Activities

Task 1.1 - Trade Fair and Export Sales Preparation Trainings

The USAID Agribusiness Project will initiate a series of market-based workshops in Year 3 that will remove key barriers to assuring the professional presentation of Serbian companies at trade fairs in the pursuit of export-oriented business and to providing the greatest opportunities to successfully close sales,.

The provision of trainings in the local market has significantly improved over the years and Serbian companies now have adequate service providers able to assist with appropriate educational resources. However, there continue to be areas of weakness that hinder direct business success. Specifically, there is an explicit lack of: market-driven packaging and design (while this has been addressed in Year 2, the final STTA process needs to be completed to bring the round of promotional and marketing grants to a successful close); professional negotiating skills required to help companies improve their sales process and profit margins; communication skills to get their messages out about their products in a professional manner; market research to better steer companies to produce appropriate products; and food safety and standards information pertinent to directing company investment in addressing market requirements. These weaknesses will be addressed through the combined approach of providing direct company workshops in coordination with local service providers. Local service providers and educational companies and institutions will be supported with service development and curriculum enhancements so that they may provide these services and trainings for the future.

To add to the breadth of services we plan to deliver the following training workshops to sector companies, private sector educational training companies and educational institutions.

- Packaging & Design – Jeff Spear
- Negotiation – Carr, Swanson & Randolph
- Communication – Timothy Collins
- Market Research – ITC Trade Map
- Food Safety and Standards Requirements – Tom Deeb

Expected outcome: 50 private companies able to improve their sales by 20% and 20 ABDS providers targeted able to offer fee-based services for training with full implementation with clients in Year 4.

Estimated Project costs: USD 10,000 for facilities rental (for trainings and presentations)

Task 1.2 - Opening Domestic Markets

Opening up domestic and regional markets for agribusiness and producer organizations will require stronger linkages with supermarket chains and regional distributors. The Project team is already working with logistics companies and regional supermarkets to enhance and increase their access to improved products. This direct link to the largest domestic and regional buyers in the country, representing the most rapidly increasing segment of the Serbian and Balkan market for foodstuffs, is an excellent building block for increased producer sales. The M&S team will use these contacts and networks to serve as major points of leverage in the market and interact through them to provide the right assistance to a large numbers of producer organizations and other agribusinesses.

Expected outcome: 20 linkages made, USD\$300,000 in sales

Estimated Project costs: USD\$0

Task 1.3 - Training for Firms: Strengthen business skills in marketing and sales

Lack of adequate business skills is among the most frequently identified weaknesses in the Value Chain Analyses conducted for each sector. In Year 2, the Project successfully organized a series of business classes for companies in all sectors. One of the real challenges in Serbia has been getting Serbian companies to utilize and pay for educational services for their employees. For instance, before Serbian banks provide employee training, they require employees to sign a two-year letter of commitment or refund the cost of training should they leave the bank during that period. In order for Serbian companies to learn of the real value in employee investment, the USAID Agribusiness Project will continue to offer business trainings in Year 3 as a final impetus to enhance the educational capacities of employees. In Year 3, the program will identify 10 companies from each of the six sectors (60 people) for continuation of this program, as the Project believes that employee education is critical if the Serbian agribusiness sector is to become more competitive. However, in Year 3, the Project will reduce the training subsidy from 70/30 to 50/50 with an eventual phase-out of support at the end of Year 4 with a final subsidy of 30/70. In addition to this, continuing curriculum development and training support will be provided to local business service providers to enhance their offering and bring it in-line with modern techniques. The training modules to be offered are (where necessary, new or revised classes can be added): 1) Strategic and Business Plan Development (marketing, operations, and finance); 2) Professional Selling Skills; 3) Business Networking; 4) Finance for Non-Finance Managers; and 5) Integrated Marketing Communications.

Expected outcome: 60 private companies and 5 service providers successfully delivering fee-based employee business educational courses to Serbian agribusinesses with class offerings implemented and with established trainings in Year 4.

Estimated Project costs: \$25,000 through 50/50 cost-share grants to be disbursed upon completion of the final course and submission of the graduation certificate.

Task 1.4 - Transition “graduated” companies to domestic and international self-promotion

As part of the Year 3 new trade fair policy, the project will primarily introduce “new” companies to export promotion events. However, existing program beneficiaries will continue to need guidance and support in pursuit of new markets as they transition to self-promotion. The Marketing and Sales Department will work with local service providers in utilizing the trade show handbook to assist them in preparing an offering to agribusiness companies focused on the organization of their exhibitions at international events, such as trade fairs. USAID will provide no financial subsidies. The cost of the agribusiness company presentations at international events shall totally be borne by them.

Expected outcome: 32 private companies procuring trade show services and 5 private companies paying their trade fair costs in full

Estimated Project costs: USD\$0

Task 1.5 Marketing and Promotional Grants

The USAID Serbia Agribusiness Project, through the value-chain analysis has identified marketing, branding, packaging and labeling as weaknesses in the ability of Serbian businesses to be competitive. In Year 2, the Project launched a Marketing and Promotional Grant Scheme that attracted more than 72 initial applicants. The number of accepted applicants was narrowed to 25 with a cost-share funding not to exceed 45% of the final amount. In Year 3, the Project will issue a second call for proposals from all project sectors for Marketing and Promotional Grants. The USAID Agribusiness Project’s grant funds will be used to support client activities in the following areas:

- Design of new packaging for various purposes, e.g. shifting from bulk to retail, new market trends, etc.
- Design of a new company/product logo and/or visual identity
- Design of product label
- Design of marketing material for export and domestic markets, e.g. catalogues, leaflets, and other promotional material
- Creation of a company website
- Other activities aimed at improving the marketing and promotion of agribusinesses

***Expected outcome:** 30 private companies with improved marketing and promotional materials that will assist them in increasing their sales by a minimum of 20%, and 20 ABDS providers offering fee-based services that furnish a growth in their service offering revenue of 20% in Year 4*

Estimated Project costs: See the Grants Program

Objective 2 - Implement Service-level Activities

Task 2.1 - Trade Fair Support

The main goal is to improve the effectiveness, volume, and reach of business and government support for international fairs and other promotional events. As of the end of Year 2, the Agribusiness Project had assisted Serbian companies in securing an estimated \$90 million in potential new business, of which \$22 million has been delivered and \$50 million is under contract. SIEPA, MAFWM and the Ministry of Trade and Services (MTS) had previously taken over primary support for international fairs. However, the global economic crisis reduced or completely eliminated their budgets for support for these fairs.

Our proposed program for Year 3 requires a greater investment on behalf of the USAID Agribusiness Project, but will also endeavor to rebuild the government's commitment and develop private sector capacities to directly pursue international export promotion events. The Year 3 workplan includes at least six (6) international fairs and three (3) sales missions to regional and international fairs and markets during the workplan cycle. Sales missions will all be conditioned upon the interest of companies. If no company shows interest in a sales mission, the Project will not pursue it.

The M&S team will continue to identify and support the development of new trade fair opportunities and assist with the training of firms in optimizing their participation in trade shows. The activities will include sales and marketing trainings, facilitation of buyer linkages, definition of distribution strategies, negotiation and contract facilitation and overall direct sales support.

The M&S team will conduct preliminary market research for all fairs the Project supports and recommend for each fair those products with the most potential for specific markets (with regard to market size, annual growth, price, competition, etc.). The outcome of the market research, together with information on specific fairs, will be presented to a wider audience.

The M&S team will help establish a transparent and vetted mechanism to select new producers to participate in international trade shows. For this to work, it is important that the industry select producers that meet specific standards. Neither the Project nor the government should be seen as selecting the winners. The new participation policy developed by the USAID Agribusiness Project provides for at least one proven company from each sector to participate in each trade fair, and then work as an "anchor" company to attract buyers. These companies will serve as examples to new companies and provide hands-on mentoring while at the fair.

The M&S team will work with companies and service providers to conduct market research for targeted markets and fairs using ITC tools and other available sources to determine the potential of

certain products. Secondly, companies need to have sufficient volumes and adequate product quality and standards, all of which differ from fair to fair. By determining specific standards prior to each fair, companies can apply if they satisfy those standards; otherwise they cannot.

The M&S team will work with national producer associations and marketing companies on preparing booth outlines, designs, promotional materials, invitations to foreign buyers, press releases to foreign and local media, etc. We will also provide hands-on support, training, and mentoring to government marketing staff and selected marketing service providers to ensure that they master event planning, web and print promotion, media buying, and public relations.

For Fruit Logistica, BioFach and Fancy Food Trade Fairs, the Project will issue an RFP for local service providers to provide for the design and construction of a booth for the joint participation of Serbian companies at these trade fairs. The USAID Agribusiness Project will offer a subsidy to participating companies of approximately 60% of the total cost (estimated on average at USD\$10,000 per company) for initial or repeat participation to help offset the cost of exhibiting. The number of exhibiting companies per show is not to exceed: Fruit Logistica – 12, BioFach – 10, and Fancy Food – 10.

Following receipt of the booth design and costing basis, the USAID Agribusiness Project will organize a joint meeting of all interested sector companies identified through sector lead interviews with the identified service provider to present a participation plan and to educate the companies on the market opportunities for each fair. Services such as marketing, business linkages and sales support will continue to be provided to participating companies. Failing agreement to obtain sufficient sector companies “buy-in” of the cost-sharing proposal, the Project will issue a public RFA to identify additional and previously unknown interested companies for participation.

The USAID Agribusiness Project will also endeavor to attract additional donor partners for the proposed trade show promotion process, reaching out to the European Union, Serbian ministries of Agriculture, Economy, Trade, as well as the Serbian Investment and Export Promotion Agency and Serbian Chamber of Commerce, for financial participation.

The implementation of the above approach will:

- Identify service providers that are able to organize participation at international events and determine their capacities;
- Remove USAID from the primary financing and organization of Serbian agribusiness export promotion and thus reduce its program costs; and
- Reveal a great deal about the attitudes of firms, especially small- and medium-sized enterprises, toward participating in promotional events. This also will reveal their expectations about the payoff in sales through participation in such events.

USAID Serbia Agribusiness Project – Year Three Annual Workplan

Fair Listing

Name	Location	Dates	Sectors	Comments	Est. Budget
ANUGA	Cologne	Oct. 10-14, 2009	Fruit, berries, mushrooms, vegetables	Exhibiting – 24 companies	\$165,000
Fruit Logistica	Berlin	Feb. 3-5, 2010	Fruit, berries, mushrooms, vegetables	Exhibiting – fixed price, 16 companies	\$100,000
Prodexpo 2010	Moscow	Feb. 8-12, 2010	All sectors	To be funded by Chamber of Commerce	\$0
Biofach	Nurnberg	Feb. 17-20, 2010	Fruit, berries, mushrooms, vegetables	Exhibiting – fixed price, 10 companies	\$70,000
Fancy Food	New York	June 28-30	Fruit, berries, dairy, mushrooms, vegetables	Exhibiting – fixed price, 10 companies	\$120,000
World Food	Moscow	Sept. 15-19, 2010	All sectors	To be funded by Ministry of Agriculture	\$7,500 – 2 project staff
Italian Dist.	Milan	TBD	All sectors	Sales Mission - Tutto Food	\$3,000 – 2 project staff
ITF Skoplje	Skoplje	Nov. 10-14, 2009	Fruit, berries, mushrooms, vegetables, dairy, meat	Sales mission	\$3,000 – 2 project staff
Mihas (Halal) Fair	Kuala Lumpur	May 6-10, 2010	All sectors	Sales mission	\$5,000 – 2 project staff
Gornja Radgona	Slovenia	Aug. 29-Sept. 5, 2010	All sectors	Sales mission	\$2,500 – 2 project staff

Total cost herein: USD\$476,000

Facilitate Sales Linkages for Serbian Agribusinesses – Sales Missions

The sales linkage services provided by the Agribusiness Project have been ongoing since project inception. They are developed through trade shows, the Serbian Fruit website, magazine stories, partner initiatives and advertising in international periodicals. Targeted initiatives in Year 3 include:

- **Italian Distribution Sales Linkages** – The Tutto Food Fair in Milan, Italy, through our joint promotional programs, will organize and facilitate the introduction of Italian importers and distributors to interested Serbian companies during a proposed Sales Mission to Milan, Italy for processed foods.
- **Halal Sales Mission** – In coordination with the Embassy of Malaysia, Serbian Halal-certified companies will participate in a sales mission to Kuala Lumpur, Malaysia, Brunei

and Jakarta, Indonesia for the presentation of Serbian products. Importers, distributors and buyer Linkages will be organized through the Embassy of Malaysia.

- **French Organic Sales Linkages** – Through an initiative developed with the French Organic Processors Association, the Project will host a delegation of French organic food processors interested in linking with organically certified producers in Serbia who meet French organic standards. The Project has reached out to the French organic certification authority Eco Cert for cooperation concerning this event.

Task 2.2 - ABDS and Export Association Preparation for Fairs and Sales Missions

The M&S team will provide hands-on support, training, and mentoring to export associations and selected marketing service providers to ensure that they master: events planning, web and print promotion, media buying, public relations and international market sales techniques. In addition, the S&M team will: 1) Assist all export associations with the implementation of a monitoring and evaluation process that measures short-, medium- and long-term impact versus investment; and 2) Provide technical assistance to service providers and export associations on budget preparation with a cost-sharing process.

Expected outcome: Three associations supported (Fruits of Serbia, Serbia Organica and Serbian Specialty Food Association) that will take full responsibility for the organization and participation of association members in international trade fairs in Year 4 and beyond.

Estimated Project costs: See the Grants Program

Task 2.3 - Communications: Dissemination of agribusiness-related information

In cooperation with private-sector service providers, the MAFWM and the Serbian Chamber of Commerce, the Project will continue to disseminate market information, access to agribusiness magazines, newsletters, and internet newsletters to producer associations. In addition, the Project will expand on the successful www.serbianfruit.com site and jump-start new sub-sector sites with the appropriate associations disseminating important product information and downloadable sector-specific marketing brochures targeted to international and domestic clients. New sector-specific websites to be developed: 1) Dairy – specifically cheese and value-added products, 2) Meats, 3) Vegetables, 4) Mushrooms, 5) Herbs, and 6) Serbian regional fairs.

Sustainability of these websites is paramount to their development. Before any activities are initiated, there must be an identified association owner. The Agribusiness Project will transfer each website over a period of three years, always maintaining oversight, until the owner association is able to take complete administrative control. The process will be initiated in Year 3 with the launch of a RFP for the transfer of management and administration of SerbianFruit.com. The USAID Agribusiness Project will offer a small administrative grant to an association for the management of SerbianFruit.com but will maintain oversight of the website for a period of two years, with full transfer during the last year of the project. The association that offers the successful proposal will have to support export promotion and be nationally encompassing.

Expected outcome: 6 new sector-specific websites developed

Estimated Project costs: \$20,000

Task 2.4 - Market research for companies/associations wishing to enter new markets

The M&S team will initially conduct sector- and product-specific research on an as-needed basis, but for sustainability, the Project will engage ITC Trade Map trainers to embed their training within local educational institutions and service providers. The M&S team will work with producer

organization from each of the six agribusiness sectors to develop their particular market plans and strategies.

Expected outcome: 5 market-research studies completed for companies/associations. 3 market-based service providers offering fee -based market research to the agribusiness sector.

Estimated Project costs: STTA

Task 2.5 Business-to-Business Networking Seminars

The USAID Agribusiness Project has identified business networking as a means for developing domestic business linkages between buyers and suppliers. In Year 2, the Project initiated such an event for companies seeking marketing and promotional services, inviting them to participate in a luncheon table-top fair at the Hotel M in Belgrade. Marketing companies presented their services to agribusiness companies that needed their services for the preparation of marketing materials under the Agribusiness Marketing and Promotional Grants Scheme. Prior to the event, each marketing company was visited and vetted for its ability and capability to deliver appropriate services.

The USAID Agribusiness Project will initiate six Business-to-Business Networking Seminars throughout Year 3 (October, January, March, May, July, and September). Each sector will identify a specified linkage weakness to be addressed. The M&S team will coordinate with the appropriate sector association to develop and facilitate its specific event so that it will be able to carry the effort forward in the future. Each event will be financed primarily through an attendance fee charged by the appropriate association administering the event.

Expected outcome: 6 seminars conducted resulting in 20 successful business-to-business connections. Association-sponsored activities initiated the increased value of membership and participation in the association.

Estimated Project costs: \$2,000

Task 2.6 - Prepare and promote new Belgrade Food Show

Work with local fair organizers and NASFT (U.S. service provider) to develop the Belgrade Food Show (possible association funding).

Activity 2.7.1 - Develop strategy for development of the trade show.

Activity 2.7.2 - Promote trade show via: website development; PR campaign; advertising; direct promotion at regional fairs, Serbian Chamber of Commerce, Belgrade City Hall.

Activity 2.7.3 - Ensure exhibitor base: domestic - presentations and promotional campaign; foreign – link with the Tutto Food and Fancy Food fairs, advertise within regional countries.

Activity 2.7.4 - Work on buyer attendance – invite all major retail chains in Europe.

Activity 2.7.5 - Develop training sessions and ensure adequate guest speakers for the three days of presentations.

Expected outcome: First food show in Belgrade established, one new ABDS provider formed that will continue the trade show on an annual basis, 10 new jobs created with the service provider; 40 local companies exposed; USD\$4 million in total sales of participating companies, creation of export association that is co-owner of the fair, utilizing revenue from the fair to fund its activities (following the NASFT model).

Estimated Project costs: \$15,000

YOUTH PROGRAM – Year Three Activity Plan

Introduction

The overall youth enterprise program includes a number of different initiatives designed to prepare Serbians aged 15-24 for greater participation and success within the agricultural sector. The Youth Enterprise Program plan lists a number of activities designed to enhance youth skills (improved business development planning in agricultural schools and universities, internship programs, etc.) while preparing them for global economic realities. Early interventions with youth in career planning and training ensures proper workforce development within growing agricultural sectors, while fostering the innovation necessary to compete in the new economy.

One of the main objectives of the Agribusiness Project in Year 3 of the program is to institute a sustainable entrepreneurship-based program that encourages new ideas, fosters new networks and information sharing, and strategically prepares youth for success within the Serbian agricultural sector. With the support of the ministries of Agriculture, Education and Youth and Sports, as well as the Chamber of Commerce, the Agribusiness Project team will work to institutionalize an entrepreneurship/business management curriculum in agricultural high schools and universities. The approach will be to work together with educators, students, parents, government, community and agribusinesses to integrate the concepts and principles of sustainable development into education policy, school curriculum, teacher education and lifelong learning across Serbia.

The project will continue insisting that the Ministry of Education take an active role in program implementation and, eventually, make entrepreneurship (at the end of the project) a regular school subject. We will continue our efforts to seek a signed Memorandum of Understanding with the Ministry of Education to determine the program's operations and to build a common understanding on how the program will be conducted. That will allow a smooth transition of project activities to the Ministry when the project ends.

Task 1.1: Expand Entrepreneurship in Agribusiness Program

With the support of the ministries of Agriculture and Education, introduce “Entrepreneurship in Agribusiness”/“Junior Achievement” (JA) in six additional specialized Agriculture high schools across Serbia. Since the Project will continue to work in the 19 schools it already assists, this will bring the total to 25. By the conclusion of the Project, the youth entrepreneurship program will have been expanded to 54 existing agricultural high schools in Serbia.

The Project team will continue introducing secondary education courses such as: entrepreneurship, agricultural marketing, business development, and trends analysis in agribusiness production and technology. Armed with business planning know-how, students in these courses are encouraged to submit their entrepreneurial plans to compete for start-up grant funding and technical assistance from USAID and other donors. In carrying out this task, the Project will:

- Conduct more frequent consultation meetings with the Ministry of Education, involving the Ministry of Agriculture, to propose agricultural entrepreneurship programs/Junior Achievement be offered through the Serbian education system and explain the benefits that these programs provide to Serbian agribusiness youth. Present current findings to the ministries of Education and Agriculture and establish next steps for the Agribusiness Project

to provide technical assistance for the adoption of entrepreneurship curriculums by the school system.

- Offer agricultural entrepreneurship/Junior Achievement curriculums at the high school level, and work on teacher involvement in entrepreneurship curriculums. The goal is to obtain their adoption by the education system. The Agribusiness Project will provide technical assistance for agricultural entrepreneurship curriculums that will be updated at the high school level.
- Propose that the ministries of Education and Agriculture be involved in approving updated curriculums through a special committee process, as required by Serbian law. The Agribusiness Project will provide technical assistance and STTA expertise for curriculum updates, needed material preparation, and teacher training in preparation for committee review.

Task 1.2: Institute entrepreneurship-based programs within agriculture universities

In cooperation with the several Serbian Faculties of Agriculture and the Ministry of Education, the Agribusiness Project will institute entrepreneurship-based programs at universities throughout Serbia, with the already voiced support of the University of Belgrade. Additionally, young entrepreneurs will be supported by student-to-student and professor-to-professor mentorship programs with U.S. universities (e.g., Michigan State University). Those universities will have the appropriate Project STTA consultants make presentations when in Serbia.

- The Project will coordinate with the agriculture universities of Belgrade, Novi Sad and Cacak, as well as with students, to provide support and personnel for entrepreneurship-based programs. Also, together with professors, the Project will assist in the development of entrepreneurship curriculum materials and training programs for university students. The Project's presentation and promotion of its programs and business plan competition will be organized at all three agricultural universities.
- The Project will meet with the Ministry of Agriculture, the Ministry of Education and the universities to investigate both existing and potential education opportunities for graduates from agriculture universities and high schools (such as lifelong learning courses). Furthermore, the Project will explore the possibility of offering a course (in conjunction with the universities) on business development for non-students, or entrepreneurship at the community level.
- The Project will assist in preparing a budget proposal for financing selected agricultural education courses. The funds may be obtained through various sources such as the Serbian government, World Bank, UN, EAR, USAID, etc.

Task 1.3: Continue developing Internship Programs at agriculture universities

The Year 3 focus for the Internship Program will be on university students. The Project targets the placement of 50 interns in Year 3. Furthermore, the process of selecting and preparing companies to participate in the Internship Program will be outsourced (e.g., to regional agencies for economic development or regional centers for rural development). At least 20 companies will be involved in the Internship Program.

The Project will work with the Chamber of Commerce to obtain business support and participation.

- The Project will have regular meetings with the Serbian Chamber of Commerce to develop a joint proposal for the Internship Program to be presented to the ministries of Agriculture and Education. The Serbian Chamber of Commerce should obtain formal buy-in from the agricultural business sector involving participation in the program and provide motivation measures for those companies as well.
- The Project and its partner agencies will continue providing technical assistance to the design structure and reporting requirements for students participating in the Internship Program.
- The Project together with the PPES project, Chamber of Commerce and ministries of Agriculture and Education, will launch a national campaign involving high-profile business leaders who have signed-on as part of the Internship Program. Internships should be counted as part of the curriculum at both the university and high school levels.

Task 1.4: Launch the third round of the Youth Business Plan Competition

As part of the Year 3 workplan, the Project will launch the third round of the Youth Business Plan Competition, a nationwide business planning competition that promotes innovation within the Serbian agricultural sector. The Year 3 competition will take place after “Entrepreneurship in Agribusiness”/ “Junior Achievement” lessons are completed, and will be open to agriculture high school students, Junior Achievement students, and agriculture university students participating in entrepreneurship programs. It is projected to yield 20 excellent business plans for which grant support will be provided.

- The awarded grantees from the first round of the competition will continue receiving assistance in bringing their winning plans to fruition and in setting their respective agribusinesses on a strong footing for the future. They will also be coached by the USAID Agribusiness Project team to help them to enter and establish themselves on the market, create links with the private and public sectors, and to further nurture their business ideas.
- The Agribusiness Project, together with the Serbian Chamber of Commerce and with support from ministries of Agriculture and Ministry of Education, will launch the third phase of the Youth Business Plan Competition at agriculture high schools, JA schools and universities of agriculture.
- Establish a financing structure with Serbian Chamber of Commerce and Ministry of Agriculture to ensure the competition grant-awards are cost-shared. In addition, seek out sponsorship by a financial institution that can provide mentoring, training, and potentially fund youth-led businesses.
- Announce a public call for business plan concept papers through participating universities, JA and high schools, in the fifth month of Year 3. The review of the business plans and the selection of the winners will be finalized in month 10 of Year 3.
- Organize a public award ceremony for the winners of the competition, accompanied with strong media coverage, to promote the winners among youth and thus enhance program awareness among peers.

- The Agribusiness Project will continue to provide sector lead and/or consultants to work with awardees. The advisory support (technical, financial, management) will continue with youth entrepreneur businesses to mentor and approve grant funding. Additional linkages with university faculty mentors will be established.
- The project will explore opportunities for winning innovations to be showcased as “demonstration projects” for both student peers and the community at large.

The business plan competition will orient students toward possible activities in the main subsectors in which the Agribusiness Project works. It also will provide grants in the amount of up to \$15,000 to each successful business plan submission. The grants awarded in the Youth Business Plan Competition will fit within the Agribusiness Project grants structure. Competition awardees may be eligible for a combination of grant, training, and technical assistance for six to 18 months. A media event that highlights success stories from the previous rounds of the competition will be organized before the launching of each new round, in which the previous winners should be publicly recognized and evaluated

ENVIRONMENT – Year Three Activity Plan

TASK 1 – SUPPORT IMPLEMENTATION OF SPU, EP AND IPM PROGRAMS

1.1: Pesticides Safety and Environmental Education/Certification

The overall objective of the Pesticides Safety and Environmental Education/Certification (PSEE) task is to raise the quantity and quality of services provided to participants as partners. The particular focus is on those participants who underwent the Project's Year 2 program for certified trainers on Safe Pesticides Use and Environmental Protection. The Project will ensure an increased number of successful participants in the PSEE program and foster cooperation between research institutions in Serbia and the United States, thus contributing to the creation of a real PSEE knowledge base. The overall objective will be achieved through two major lines of capacity-building activities: 1) Supporting the network of national PSEE trainers and agribusiness service providers; and 2) Supporting institutions in Serbia with tailor-made information, assistance and services. An implementation workplan, consisting of six activities, has been put together. It includes: Start-up Phase, Training of Trainers, Training for Users, Exchange of Experience and Expertise, Match-making and Tasks Information Network. The task will involve 36 ABDS providers from all regions of Serbia, including three newly formed and privately owned providers.

1.1.1 - Start-up phase – The goal is to develop the Safe Pesticides Use and Environmental Protection Action Plan in cooperation with MAFWM and Project clients to reach an expected 100,000 certified safe pesticides users in Serbia by the end of the Agribusiness Project.

1.1.1.1 - Training of Trainers (ToT) - The goal of this activity is to develop a train-the-trainer model that ensures the consistency and quality of the nationwide PSEE training program. The objective of ToT is to design, test and evaluate a model that ensures all new potential trainers obtain the basic training skills, tools, and knowledge they will need to deliver quality PSEE training. The ToT workshops should assist people who are now certified to conduct pesticide safety training in Serbia within agribusiness service provider companies and agricultural extension offices. The workshops will provide trainers with updated pesticide information, personal protection equipment regulations and standards, as well as the training tools to deliver effective pesticide safety training to farmers, as well as to those involved in the formulation and trade of pesticides, as mandated by the new Plant Protection Law of the Republic Serbia.

1.1.1.2 - Support efforts of Ministry of MAFWM and Ministry of Environmental Protection to develop the Trainer curriculum - Work with Ministries and the universities of Belgrade, Kragujevac and Novi Sad, as well as a U.S. partner, to develop a curriculum for a certification program for new PSEE trainers that will include mechanization, calibration and safety training. A guide will be developed for providing training on: a) Pesticide Labels and Formulations, b) Sprayer Calibration and Tune-up, and c) Pesticide Drift (Demonstration), together with exercises for trainers on pesticide formulations, PPE, farmer exposure monitoring, non-applicator exposure, backpack sprayer maintenance, triple-rinsing, and container disposal.

1.1.2 - Basic Training for Users – Approximately 1,200 pesticide users should be trained and certified on Safe Pesticides Use and Environmental Protection. Alan Schroeder, an IPM consultant, recommending during Year 2 that the Project build on its record of successful SPU trainings in Year 3. The Project is preparing a strategy to support the training of additional pesticides users.

1.1.3 - Advanced PSEE Training and Certification – Advanced training will be organized for the pilot group of 472 farmers who have completed basic training.

1.1.4 - Exchange of Experience and Expertise - The principal objective of this activity is to analyze in depth and then disseminate the results of the proposed main task. A particular emphasis will be placed on disseminating the results to the widest-possible audience, focusing on governmental officials and policy-makers, as well as on academics and others involved in agricultural and environmental decision-making. Furthermore, an examination of the effects of different agricultural support systems (e.g., price supports, single payments, area payments) on pesticide use will be conducted. The impact of reduced pesticide use will also be examined, through a measure of consumer willingness to pay for fresh and processed food produced through the reduced use of pesticides. In addition, this activity will analyze the most efficient way to disseminate information on reduced pesticide use to consumers (i.e., distinctive branding, quality symbols, alternative labels, etc.).

1.1.5 - Match-making - In cooperation with USDA, and other donor agencies operating in Serbia, the Project will work to analyze the productivity, efficiency, and shadow prices of pesticide applications in the agricultural production processes. The empirical analyses will be carried out through case studies to identify trade-offs between expansion of production due to the use of pesticides and the fall in productivity due to a decrease in labor.

1.1.6 - Tasks Information Network - Creation of a network of trainers, service providers and applicators.

Expected outcomes

- Development of curriculum involving exercises in learning
- Standardization of training provided to trainers
- Improved PSEE trainer competencies, thereby improving the quality and effectiveness of training
- Increased number of farmers receiving quality training
- Creation and promotion of a pool of competent PSEE trainers
- Creation of PSEE website
- Formation of sustainable network of professionals

Deliverables: *Workshop reports, technical reports, case studies, website, recorded broadcasts; 1,200 pesticides users trained and certified, 100 new trainers certified for service delivery.*

1.2: Integrated Pest Management

The activities within this task will be initiated by STTA consultants with relevant expertise as needed to provide the members of agricultural producer organizations, ABDS providers and pest managers with IPM knowledge, from planting to harvesting, through post-harvest handling during food processing and distribution.

Integrated Pest Management (IPM) represents a comprehensive approach to pest control. It uses combined means to reduce the presence of pests to tolerable levels while maintaining a quality environment. IPM is the coordinated use of pest and environmental information, along with available pest control methods, including biological and chemical methods, to prevent unacceptable levels of pest damage. Furthermore, it does so using the most economical means and by posing the least possible hazard to people and the environment. IPM has broad applications, and includes the

integrated management of all pests through a holistic approach that is ecologically based and may be applied to any ecosystem. Goals include:

1. Optimize profits (over the long term).
2. Sustain resources (agricultural or natural; over the long term).
3. More rational use of pesticides.
4. Reduce environmental contamination and costs—soil, ground water, surface water, pollinators, wildlife, endangered species.
5. Utilize natural biological controls— conserve and augment; use selective pesticides, proper timing of applications.
6. Minimize pesticide resistance problems.
7. Minimize pest resurgence and secondary pest outbreaks (often caused by elimination of natural enemies with pesticides).
8. Food safety— Reduce residues of pesticides on food products.
9. Worker safety— Rely on pest management tactics that are safe for farmers.

EU and policy context of IPM

In January 2009, the European Parliament approved new European Union pesticide legislation that will change the way plant protection products are licensed, produced and used. The pesticides 'package' includes two distinct parts. The first addresses the production and licensing of pesticides. The second addresses the directive on the sustainable use of pesticides, namely the importance of IPM, which is encouraged by EU member states as an alternative to the use of pesticides.

The key points of the directive on the sustainable use of pesticides (to be implemented by member states by early 2011) are:

1. The principle of IPM is emphasized through the promotion of non-chemical pest control methods, such as crop rotation, to be used wherever possible as alternatives to pesticides.
2. Member states must adopt National Action Plans for reducing the 'risks and impacts' of pesticide use on human health and the environment, including timetables and targets for use reduction.
3. Aerial crop spraying will be banned, with exceptions subject to approval by the authorities, and no spraying will be allowed in close proximity to residential areas.
4. Member states must take appropriate measures to protect the aquatic environment and drinking water supplies from the impact of pesticides. These measures include creating buffer zones around bodies of water and safeguard zones for any surface and groundwater used for drinking water. There also must be protected areas along roads and railways.
5. The use of pesticides must be minimized or prohibited in specific areas used by the general public or by vulnerable groups, such as parks, schools, sports grounds and zones close to hospitals.
6. New rules are being introduced on the training of pesticide users and sales-people, on handling and storage, on information and awareness-raising and on the inspection of pesticide application equipment.

In light of these recent changes at the European level, Serbia's new Plant Protection Law addressed plant protection products and integration of IPM policy. Together with MAFWM and USDA, the Project will work on all aspects of integration of IPM into Serbian national practices for those crops selected by the Project. Additional STTA support may be required.

Objectives:

- To enhance quantity and quality of commodities
- To minimize negative impacts of pest control on soil, water, air, plant, animal resources and humans
- To analyze the extent to which IPM will indeed improve the economic performance of farmers and thus their competitiveness, as competitiveness is highly related to employment level.
- To analyze existing rural development measures and classify them according to their potential to foster employment generation in IPM practice across pilot areas of the country; To provide a quantitative assessment of IPM on the economic conditions in areas of concern in Serbia, namely income and employment as well as the livelihoods of women and the young.
- To provide an evaluation of IPM integration into agricultural practice from the stakeholder point of view (i.e., farmers, ABDS, farmer cooperatives, local authorities, local environmental organizations), and their effect upon employment generation.

Planned activities and expected results:

- Carry out continuous training activities for professionals
- Raise IPM awareness; marketing must be promoted in order to increase the value of IPM products; information regarding the advantages and benefits obtained by IPM programs for the environment, farmers and consumers to be provided to customers.
- Support research in this field.
- Production of crop protection management plans and crop-specific IPM guidelines.
- Grant small funds for farmers adopting IPM measures.

Deliverables: guidelines, reports, adopted IPM practices by farmers from all agricultural sub-sectors in which the Project is active.

Task 2 - Cleaner Production (CP) Technology

The Project Year Three focus will be on technical assistance to support enterprises from all sub sectors in adopting methods to minimize waste, pre-treat wastewater, and save energy through low-cost or no-cost opportunities. Through a set of trainings for enterprises and ABDS, individuals will be instructed in how to apply basic CP concepts and assessment methods, and how to integrate CP into business strategy and planning.

Overall, implementation of cleaner production opportunities will reduce pollution at the source, create incentives for business to apply CP without being forced to do so by regulatory authorities and facilitate the establishment of sustainable PPO service providers.

In Serbia's transition from a centrally controlled economy to a market economy, many good environmental practices have been disregarded. Former state-owned production facilities were not compelled to follow good environmental practices. Nor today can they afford to implement such practices. In addition, environmental standards (mainly those of the European Union) have significantly raised the requirements imposed on individual companies and the population as a whole.

The provision of agribusiness development services (ABDS) shall specifically include technical advice and support for cost-effective, environmentally sound agricultural and agro-industrial processing technologies, by incorporating CP into the portfolio of services they provide to agribusiness enterprise clients.

Objectives

The general objective of the technical assistance provided to enterprises from six USAID Agribusiness Project sectors and ABDS providers is to:

- Promote CP as a tool to improve competitiveness and efficiency, while protecting the environment.
- Create conditions and incentives stimulating businesses to implement efficient technologies.
- Optimize the use of natural resources and raw materials, to minimize emissions and their impacts.
- Reward good environmental performance, innovation and proactive approaches
- Minimize behaviors and practices that lead to the exclusive application of end-of-pipe technologies.

Planned activities:

Through set of workshops the Project will encourage:

- Food processing companies to use CP tools and concepts to enhance their performance.
- Agribusiness service organizations/providers (ABDS) in Serbia to incorporate CP in their services to agribusiness enterprise clients.

Enterprises will be given the opportunity to submit CP project proposals for review to USAID Agribusiness Project with possible funding through a granting mechanism.

Deliverables: *Technical Reports, workshop reports, adopted CP practices by enterprises.*

Task 3 - Environmental Compliance

Ensuring compliance with Regulation 216

The aim of applying environmental procedures is to focus on environmental issues associated with USAID Agribusiness activities and thus increase the opportunities for environmentally acceptable Project actions, as well as to minimize exposure to environmental risks. Environmental compliance affects all sub sectors and cross-cutting components. The Project has incorporated systems and procedures to ensure that Regulation 216 is implemented.

Description of work

The process of approximation of Serbian environmental legislation to EU law results in changes to permitting requirements and to more stringent emission, health and safety, and product standards. Therefore it is important to ensure that the Agribusiness Project will be able to meet all forthcoming requirements.

Determining the scope of the review process

22 CFR 216 describes the steps for determining the scope of the environmental review that the Project shall conduct for all financial services, technical assistance and advisory activities that have been proposed for consideration. Generally, all USAID-financed programs and activities require some level of review under 22 CFR 216. This includes all new projects, programs or activities and substantive amendments or extensions of ongoing projects, programs, or activities, including those implemented as part of public-private alliances. Consultations are to be made with MEO, REO or BEO for specifics regarding environmental review of a USAID-funded program or activity—including those implemented through GDAs—and for guidance on the conditions under which an

Exemption (22 CFR 216.2(b)) or Categorical Exclusion (22 CFR 216.2(c)(2)) from the environmental review requirements of 22 CFR 216 applies.

Deliverables

- Identified excluded Projects
- Identified projects for which no detailed environmental due diligence is required
- Conducted environmental due diligence as appropriate
- Annual compliance report
- Updated PERSUAP

GENDER PROGRAM – Year Three Activity Plan

In Year Two, the Project began assisting six regional groups of unemployed women in becoming future entrepreneurs in agribusiness. The Project provided generalized training in basic management and marketing skills, as well as specific training in financial management, labor and tax law, competitive pricing and networking. In Year 3, the Project will continue working on social and economic development for rural women, together with the Ministry of Agriculture’s support and the involvement of the Serbian Chamber of Commerce’s section for women entrepreneurs.

- The Year Two workshops for “Women Entrepreneurs in Agribusiness” assisted roughly 100 unemployed women. The Agribusiness Project will organize a presentation for the Ministry of Agriculture and Chamber of Commerce of those results and seek forming partnerships with these two institutions to extend the training into the future. The Ministry of Agriculture has already expressed willingness in supporting the Project in continuing “Women Entrepreneurs in Agribusiness” activities. The Youth and Gender director will work closely with the Ministry in finding substantial ways to develop that partnership.
- The Project will propose to the Ministry of Agriculture that it buy-in and provide financial support for “Women Entrepreneurs in Agribusiness” in targeting unemployed women capable of running agribusinesses. By supporting “Women Entrepreneurs in Agribusiness” through Project training and with Ministry funding, unemployed women with agribusiness ideas can start their own businesses and eventually become successful and competitive on the market.
- A one-day meeting will be called in Year 3 that will involve both women who have and others who have not completed the training to discuss their issues and provide opportunities for networking. More intensive trainings will be provided through the Year 3 training program that will be carried out for newly identified groups (in 8 new regions). The meeting and the training will be developed and delivered by ABDS providers to offer an optimum and comprehensive training plan.



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Annex V – Enabling Environment Plan

Enabling Environment Plan

COMPONENT 1: INCREASED EFFICIENCY AND COMPETITIVENESS OF SERBIAN AGRIBUSINESS

This section of the Workplan outlines programs and activities which will be implemented by the Agribusiness Project in the Year Three, for the purpose of increasing efficiency and competitiveness of Serbian agribusinesses.

Objective 1.1: Strengthen Producer Organizations

Task 1.1.1: Promote and provide support to introduction of international standards - The value chain analyses of selected six subsectors prepared by the Agribusiness Project have shown that the lack of compliance with international standards is one of the key obstacles to increasing competitiveness of agricultural products in both domestic and international markets. In addition, future EU integrations and WTO membership will put additional pressure on greater implementation of relevant international standards and quality management systems in production and processing of agricultural products.

In order to prepare Serbian agribusinesses to successfully compete in the international market, the Agribusiness Project plans to continue supporting the introduction of international standards through the grant program on a cost-share basis with client agribusinesses (the program will encompass quality and safety standards – GlobalGAP, ISO 22000, ISO 14001, in accordance with specific program criteria). The Agribusiness Project's share in grants provided to the agribusinesses will be 50% for consulting services, and 70% for certification services, up to the amount of maximum 5,000 USD per activity.

During the Year Three, the Project will have additional focus on assisting existing producer organizations with achieving group certification for GlobalGAP. A key element for any group certification is to put in place, maintain and run an effective quality management system (QMS) of the producer organization. That requires proper organizational capacity of producer group and the necessary trainings to staff of these organizations to manage and maintain the QMS as prerequisite for GlobalGAP certification. The Project will use local experts (STTA consultants) and ABDS providers to provide assistance designed solely for cooperatives to strengthen their awareness and capacities, and address the weak points in their operations which are crucial for setting-up and maintaining QMS as requirement for successful group certification of GlobalGAP.

Expected Outcome: Approximately 25 agribusinesses completing the certification process for GlobalGAP, ISO 22000 and ISO 14001, including 3 cooperatives introducing QMS and gaining certification for GlobalGAP

Implementation Period: Nov. 1, 2009 – Sep. 30, 2010.

Type of Assistance: Project Activity (ABDS) or local STTA (3 trainings) for introducing QMS in cooperatives seeking GlobalGAP certification and grants for consulting and certification of GlobalGAP, ISO 22000 and ISO 14001

COMPONENT 2: IMPROVED ENABLING ENVIRONMENT FOR SERBIAN AGRIBUSINESS

This section of the Workplan outlines programs and activities which will be implemented by the Agribusiness Project in the Year Three, for the purpose of improving enabling environment for Serbian agribusinesses needed to enhance the competitiveness of domestic agricultural and food products and facilitating harmonization of Serbian regulations and practices with the international and EU requirements.

Objective 2.1: Improve Crop and Livestock Production Estimates and Market Price Information

For efficient operation in domestic and export markets, agricultural producers need better access to timely and reliable information on domestic and regional prices and production variations, supply and demand in domestic and export markets, specific import requirements, consumer behavior, weather conditions, and the competitive landscape. Currently, the only agriculture market information system (STIPS) is operated by the Ministry of Agriculture and provides weekly prices for fruits and vegetables, meat, livestock and cereals in the domestic market through several media outlets, such as the television, newspapers and Internet.

Task 2.1.1: Strengthen the Serbian System of Market Information in Agriculture (STIPS)

During the Year 2 of implementation, the Agribusiness Project, in cooperation with the Ministry of Agriculture has initiated implementation of the project for improvement of the agriculture market information system (STIPS) (www.stips.minpolj.sr.gov.yu). The project consists of two components: 1) software improvement for the agriculture market information system and 2) program “Market analysis, utilization of information from STIPS and basics of marketing” encompassing interactive seminars and workshops for farmers in 18 reporting centers for STIPS in the period of 10 months (organized in the period May 2009 to February 2010). Based on the implemented trainings, more than 500 farmers using the STIPS will be able to manage their prices better and increase their income.

Activity 2.1.1.1: During the Year Three of implementation, the Agribusiness Project will work with the selected ABDS provider “Agromreza” to complete the work pertaining to the full implementation of the program “Market analysis, utilization of information from STIPS and basics of marketing”. The work will encompass organization of eight two-day seminars, namely in Novi Sad, Pancevo, Sombor, Sremska Mitrovica, Subotica, Zrenjanin, Zajecar and Belgrade, as well as preparation of the final report and the program evaluation report. During the seminars, farmers will be educated on the agricultural markets in the region and in Serbia, based on the information available through STIPS. Specific emphases will be given on analysis of the agricultural markets for commodities produced in regions in which seminars will be conducted. In addition, managers of cooperatives and associations operating in specific regions will also be invited to take part in the trainings and serve as a leverage point for disseminating information about the system and enabling wider use of the system by members of their organizations.

Expected Outcome: *At least 500 farmers trained in use of information available through STIPS, including information type, structure, access and analysis (price structures, alternative markets, trends in supply and demand, optimum prices of inputs and commodities, production volumes, market surpluses, etc), that will be able to manage their selling prices better and therefore increase their income.*

Implementation Period: October 2009 – February 2010.

Type of Assistance: Project Activity

Activity 2.1.1.2: Over the last quarter of the Year 2, the ABDS provider “Radionica KRUG” worked on reorganization and redesign of the STIPS website, improving the news dissemination system, rebuilding the online price database system, and developing client server application for report analysis (including a database in the Access/SQL environment). In the Year Three, a two-day seminar will be organized by the ABDS provider “Radionica KRUG” and Agribusiness Project to present to the STIPS reporters and members of the Working Group the modifications made to the system software.

Expected Outcome: More user friendly and secure system that will be able to directly generate approximately 50 types of reports with various possibilities of data filtering, leading to the larger number of farmers using the system.

Implementation Period: October – November 2009.

Type of Assistance: Project Activity

Task 2.1.2: Organize targeted agricultural studies/surveys

Activity 2.1.2.1: Study on Impact of Weather Conditions on Agriculture in Serbia and Modalities of Anti-Hail Protection - The purpose of the study would be to analyze the status of existing system for hail protection (distribution, functioning, equipment, organizational capacities, main problems, impact on the environment, etc) and provide potential solutions for the improvement of system and evaluation of necessary investments (recommendations for introduction of new technologies, including breakdown of needed technical and technological interventions and action plan for implementation). The study would provide recommendations for establishment of the efficient market driven system of the anti-hail protection, reducing the lost income due to losses in agricultural production, as well as will contribute to the improvement of competitiveness of Serbian agricultural sector. The study will analyze the market failures (information, availability, cost, access to finance, etc) with respect to the existing system for anti-hail protection and propose concrete activities to address the market failures. The Agribusiness Project would conduct preparation of the study in cooperation with other international organizations and donors, in particular International Finance Corporation. The Agribusiness Project’s contribution for the study would be in engagement of experts (primarily local STTAs) that are familiar with the existing systems of anti-hail protection and necessities for improvement.

Expected Outcome: Completed study with recommendations for establishment of the efficient anti-hail protection system.

Implementation Period: January - June 2010.

Type of Assistance: Project Activity and/or STTA

Objective 2.2: Facilitate Legal, Policy, and Regulatory Reform

During the Year Three of implementation, the Agribusiness Project policy team will work with the Ministry of Agriculture, other relevant governmental institutions, academia, relevant institutes and private business associations to facilitate the reforms necessary for increased international integration (EU and WTO in particular). Serbia needs to harmonize its domestic legislation and practices with international rules and requirements, in order to develop a competitive agricultural sector. In addition, the Agribusiness Project will support creating a more open, and focused private-public legislative drafting process, that will enable mobilization of the most relevant stakeholders and expertise for the reform in question.

Task 2.2.1: Study on the Impact of International Integration of Serbia on Agricultural Sector

This study will analyze the implication for agricultural production by groups of products and trends in demand for agricultural products based on the impact of more liberalized trade resulting from the implementation of the Stabilization and Association Agreement (SAA) with EU, accession to the World Trade Organization (WTO), or application of free trade agreements (e.g. with Turkey and Belarus). Serbia started applying the SAA with EU as of February 1, 2009, and is finalizing negotiations on accession to the WTO which will result in a significant liberalization of the Serbian market in future years. The study will analyze the comparative advantage to be gained or lost by Serbia's leading competitor countries from changes in tariffs and other non-tariff barriers from their accession to these international treaties and Serbia's gains and losses as well, in order to understand the effect on demand for certain agricultural products produced locally.

Expected Outcome: Completed study with defined expectations and estimates in changes of the demand, production and exports of groups of agricultural products or agricultural sectors over the short/long term period based on the impact of the market liberalization process.

Implementation Period: January - June 2010

Type of Assistance: Project Activity

Task 2.2.2: Preparation of the Guide Book on Integration of Serbia to the EU and CAP -

The agribusiness community in Serbia, including farmers, representatives of the processing industry, traders, professional service providers in agriculture and other agribusiness stakeholders, have limited knowledge on different aspects of the EU integration process and its impact on Serbian agricultural sector. The purpose of the Guide Book would be to provide information on impacts and future developments in agricultural sector with respect to the EU integrations and adoption of common agricultural policy (CAP), including benefits for farmers and agribusinesses gained from the integration. In addition, a separate publication will be prepared to provide answers to specific questions concerning the agricultural issues arising from integrations of Serbia to the EU. This activity would be a joint effort of the Ministry of Agriculture and the Agribusiness Project, and the Project would contribute to this initiative by engaging local and/or international experts to assist the Ministry with the preparation, design, and printing of the publication. The Ministry will organize dissemination of the publication via its extension service and rural development network, which will serve as a leverage point for disseminating information relevant for the EU integrations process in the future.

Expected outcome: Published Guide Book on integration of Serbia to the EU and CAP, which will enable farmers to become acquainted with the upcoming integrations, change their behavior or make investments necessary to improve their ability to respond to the upcoming changes.

Implementation period: October 2009 – March 2010

Type of Assistance: Project Activity and STTA

Task 2.2.3: Provide support to legislative and policy reform coordination -

In cooperation with the Ministry of Agriculture, relevant academic, scientific and research institutions and associations, the Agribusiness Project will provide support to the efforts of working groups/bodies responsible for coordinating and implementing initiatives related to legislative and/or policy reforms. In particular, the Agribusiness Project will work with agribusinesses, service providers and the Ministry of Agriculture to facilitate dissemination of information related to the existing agricultural support programs provided by the Serbian Government, requirements and implications of the Food Safety Law, Livestock Law and Law on Protection of Plant Breeder's Rights by preparing specific documents/publications related to the support programs or requirements of recently passed laws and organizing workshops. In addition, the task will encompass specific trainings related to the recently

adopted aforementioned laws, via engagement of foreign STTA to conduct training on selection measures, organization of selection service (livestock and dairy sector) and development of by-laws necessary for implementation of the Livestock Law. In addition, training workshop/seminar on UPOV membership impacts, improvement of quality of planting material and dealing with intellectual property rights will be held. Under this task, the Project's policy team will continue providing professional assistance to the Ministry of Agriculture regarding preparation of necessary documentation pertaining to the accession to the WTO. The Project may undergo additional activities related to the policy coordination and development of specific regulations in the areas that affect the selected six value-chains in which the Agribusiness Project operates, if such need is identified during the Year Three of implementation.

***Expected Outcome:** Information related to the existing agricultural support programs provided by the Serbian Government, and requirements and implications of recently adopted agricultural laws disseminated to the public; workshops delivered.*

Implementation Period: October 2009 – September 2010

Type of Assistance: Project Activity and STTA

Task 2.2.4: Support policy implementation - During the Year 2 of implementation, the Serbian Parliament adopted numerous laws regulating different areas of agriculture. The Agribusiness Project will work with the Ministry of Agriculture and industry representatives to ensure that the relevant businesses are properly informed and educated about the requirements and benefits of the agriculture related laws.

Activity 2.2.4.1: Warehouse Receipts (WHR) - The Agribusiness Project provided professional assistance in development of the Law on Public Warehouses for Agricultural Products (WHR Law), implementing regulations, as well as implementation of pilot project for this season harvest. When fully implemented, this Law will enable use of the warehouse receipts, issued to agricultural producers by public warehouses for commodities stored in their premises, as collateral in accessing loans with commercial banks. It will also enable creation of uniform and well regulated system of storing of commodities, protection of depositors, ensuring of the quality and quantity of deposited commodities, and give the opportunity to agricultural producers to take advantage of higher prices during the off-season periods.

The USAID Agribusiness Project, using its consultant Krassimir Kiriakov, his team and local experts who helped draft the law, will work with the relevant ministries and institutions in the following areas: 1) development of a secondary legislation to ensure full implementation of the law, including necessary registries and forms; 2) implementation of specialized training programs for producers (depositors), banks and warehouses, as well as assistance with trainings and upgrading of professional capacities of the licensing and inspection authority of the Ministry of Agriculture and the Indemnity Fund in order to support proper functioning of the warehouse receipt system.

***Expected Outcome:** Secondary WHR legislation for full implementation of the law, including necessary registries and forms developed; specialized training programs for producers (depositors), banks and warehouses delivered in such a manner so as to enable the actual application and use of the warehouse receipts program.*

Implementation Period: January – August 2010.

Type of Assistance: Project Activity (for organization of trainings) and STTA



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Annex VI – Agribusiness Grant Program

Agribusiness Grant Program

1. Background and Introduction

Since the inception of the Grants Program in April 2008, USAID Agribusiness Project's Grant Review Committee has approved a total of 51 grants, worth a total of USD\$651,011. The grants are in various stages of the award and implementation process. An additional 25 grants (marketing and promotional grants) are in the pipeline. Those grants, worth a total of approximately USD\$400,000, should be reviewed and eventually awarded by the end of Year Two, i.e. September 30, 2009.

Nevertheless, the Project is always looking to find the best use of grant funds and attract substantial Project client interest in the grants program, especially as an incentive to having agribusinesses make new and market-driven investments. Bearing in mind the current financial crisis and the unfavorable business environment for new investments (high interest rates, lack of specific credit programs for agribusinesses, reduced GOS subsidies and support for agribusinesses, etc.), the Project has decided to invest more efforts to adequately address these issues in the selected sub-sectors. In addition, the Project is also looking into developing the capacity of the producer organizations and ABDS providers to utilize grant funds for delivering not only general benefit services to their members and clients, but also industry-wide services.

Accordingly, certain revisions to the grants program are envisioned to assure consistency with the strategic objectives of the USAID Agribusiness Project in Year Three, described herein, as well as the approved budget realignment and the lessons learned from the past two years. The changes consider introduction of Capacity Building Grants for Producer Organizations and ABDS Providers, which will be focused on the specific constraints that these two groups of beneficiaries face in their efforts to provide essential services to their members and clients, as well as to implement activities aimed to enhancing the provision of public goods to agribusinesses in Serbia. Further, the structure of the Investment Incentive Grants component has also been revised to address the major cross-cutting issues revealed in the selected project sectors: lack of international quality standards, insufficient marketing and promotional capacity of Serbian products and growing lag in introducing new technologies. Final changes includes introduction of the In-Kind Grant Format, in addition to the Fixed Obligation and the Simplified Grant formats, as to facilitate implementation of the Youth Grants Program. As advised in the Task Order, the USAID Agribusiness Project should in any event update its Grants Manual no less frequently than annually; accordingly, the updated version of the Grants Manual is included as an annex to this work plan.

It is the Agribusiness Project's policy to ensure maximum competition by seeking applications from all eligible and qualified entities. Accordingly, the Agribusiness Project plans to solicit all grant proposals in Year Three through the Public Requests for Applications (Request for Applications-RFA and Annual Program Statements-APS).

However, a certain number of unsolicited applications for grants for activities that support the broad objectives of the Agribusiness Project may be considered on an ongoing basis. Finally, the Agribusiness Project staff may decide to solicit applications for grants for a very specific activity that supports the project's technical assistance and/or training activities. Such direct solicitation will be primarily used for the Capacity Building Grants for Producer Organizations and ABDS Providers.

The Grants Program will continue to be administered in accordance with provisions contained in ADS, Section 302.5.6, "Grants Under Contracts," ADS Chapter 303, "Grants and Cooperative

Agreements to Non-Governmental Organizations,” and/or within the terms of the USAID Standard Provisions applicable to Non-U.S., Non-Governmental Recipients. These provisions are incorporated into the Grants Manual, which also provides program guidelines, policies, and procedures; roles and responsibilities of the USAID Agribusiness Project staff, USAID, and the grantees; eligibility and other selection criteria; limitations; grants application, review and award processes; administrative and financial management and controls; monitoring, evaluation, and reporting.

2. Grants Program in Year Three

As was the case in Year Two, USAID Agribusiness Project plans to obligate grant funds in a total amount of USD\$1 million to support approximately 75 grant activities emerging from this workplan, which covers the period October 1, 2009 – September 30, 2010.

Responding to the core objectives of the USAID Agribusiness Project to increase efficiency and improve the competitiveness of Serbian agribusinesses in the selected sub-sectors detailed in this workplan, the following three major grant components are envisioned:

- 1.) Investment Incentive Grants
- 2.) Capacity Building Grants for Producer Organizations and ABDS Providers
- 3.) Youth Grants

Note: Pursuant to the approved budget realignment majority of the project activities in support of the public-private collaboration in providing essential services, promoting and expanding public-private sector dialogue, increasing participation in policy reform, as well as other activities aimed at improving enabling environment for agribusinesses in Serbia and enhancing the provision of public goods will be funded from the separate budget line item named “Project Activities.” These non-grant funds will be used to support provision of the services such as market information, annual agriculture production estimates, technical assistance and training, agriculture extension services, domestic and international trade fairs, baseline and special studies, surveys, statistics, evaluations, animal and plant health, environmental issues, food safety and other activities aimed at enhancing provision of public goods.

2.1 Investment Incentive Grants

Investment Incentive Grants are designed to increase the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in high-potential sectors. They do so by leveraging private investment in new technologies, value-added processing, food safety and quality standards, as well as in marketing and promotion by producer organizations (cooperatives and business associations), agribusiness firms, and ABDS providers in the selected sectors.

Investment Incentive Grants will be awarded on a competitive basis to the best grant applicants in the following three cross-cutting categories:

- **Introduction of International Food Safety and Quality Standards:** The value-chain assessments revealed that one of the major weaknesses among companies in the selected sectors that limit their competitiveness in international markets is the lack of international food safety and quality standards. Therefore, the Project plans to continue to support Serbian agribusinesses’ compliance with international food safety and quality standards. The grants will be available to agriculture-related firms and producer organizations in the selected sub-sectors for introduction of all internationally recognized food safety and quality standards, such as ISO

14001, ISO 22000, GlobalGAP, etc. The grants will be awarded on a competitive basis through a transparent application process, and in accordance with the specific criteria developed by the Ag Info & Policy Specialist, who will provide advisory and an overall coordination of this activity. The Agribusiness Project will cover 50% of the total costs for consulting services, and 70% of the total costs for certification services, or maximum USD\$5,000 per each activity, i.e. a total of USD\$10,000 for both consulting and certification per applicant). This grants sub-program will be launched in the first quarter of Year Three; the total estimated grant budget for this activity amounts to USD\$200,000. These grants will be an integral part of the overall efforts pertaining to this issue, which will be implemented in coordination with other donors and the Ministry of Agriculture.

- **Marketing and Promotional Activities:** With the increased penetration of the Serbian market by foreign brands, and the reduction of import tariffs on imports, Serbian companies are facing significant competitive pressure. Over the course of Year Two, and as more and more client companies became involved in marketing their products domestically and internationally, it became evident that the Agribusiness Project needed to assist client companies in improving their domestic and international competitiveness by upgrading the quality and image of their products and promotional materials. Accordingly, the Project designed a grant program specifically tailored to the needs of these companies. The main objective of the program is to improve the competitiveness of these companies by providing matching funds that allow them to hire professional service providers (e.g. design and marketing agencies) for the re-design of packaging, labeling, logos, web sites, and other promotional and marketing materials. The Project will provide these companies with 50% of the total cost of these services, up to a total grant amount of no more than USD\$25,000. The grant recipients should use these funds for the design of new packaging for various purposes (e.g. shifting from bulk to retail, new markets, etc.); the design of marketing material for both export and domestic markets (e.g. catalogues, leaflets, and promotional materials), as well as for the design of the company's visual identity (website, product logos, and labeling). As part of this program, the companies should also undertake other activities that will significantly advance their marketing capabilities and allow them to take advantage of emerging opportunities in domestic, regional, and international markets. The Agribusiness Project will provide complementary technical assistance and education to the grant applicants and their service providers. This grants sub-program will be launched in the second quarter of Year Three; the total estimated grant budget for this activity amounts to USD\$400,000.
- **New Technologies in Agribusiness:** Due to the current financial crisis and unfavorable business environment for new investments (high interest rates, lack of specific credit programs for agribusinesses, reduced GOS subsidies and support for agribusinesses, etc.), most agribusiness stakeholders are unable to invest in expanding their production through the introduction of new technologies. Therefore, the Agribusiness Project plans to assist these farmers and firms to buy down risk and take the opportunity to make investments that enhance their productivity and, ultimately, contribute to profitability by introducing a new technology. The leverage point for this assistance should be at the producer organization or sub-sector association level, so as to achieve the greatest impact from the introduction of such new technology. As such, qualified ABDS providers with a strong record of services, in a consortium with one or more agriculture-related firms, could be eligible for such grants. The ultimate goal will be to have as many producers as possible covered by a new technology. New technologies may include early/late production under poly-tunnels and greenhouses, application of rain-caps and anti-hail nets, modified-atmosphere packaging, completion of cold-chain and cooling/shipping units, etc. The Agribusiness Project will provide complementary technical assistance and education to the grant applicants and their service providers. This grants sub-

program will be launched in the second quarter of Year Three; the total estimated grant budget for this activity amounts to USD\$100,000.

In addition to these three cross-cutting categories, the Agribusiness Project's Investment Incentive Grants Program will remain flexible and open to new ideas and unsolicited proposals for activities that have the ability to significantly advance a sector, sub-sector, or enterprise cluster from one stage of competitive development to the next. However, Investment Incentive Grants shall not exceed USD\$100,000 in amount or finance more than 70% of the total required investment. Furthermore, they should be fully disbursed within one year of award. Investment Incentive Grants focus on leveraging private investment, and are not intended as a substitute for available commercial finance.

2.2 Capacity Building Grants for Producer Organizations and ABDS Providers

Capacity Building Grants for Producer Organizations and ABDS Providers are designed to support non-profit and for-profit non-governmental producer organizations and ABDS providers in improving their management and operational capacity. As for the specific activities, these grants will be used to support the creation and capacity building of targeted food industry associations and producer organizations in providing general benefit services. These associations and organizations can be at the national or regional level, depending on the concentration of the industry in the region and the activities performed by the association. The grants will target those associations in the project's selected agriculture sub-sectors where there is strong commitment from private sector stakeholders. In general, with Capacity Building Grants for Producer Organizations and ABDS Providers where there is a provision of services aimed at enhancing delivery of public goods, a matching contribution is not required, e.g. training programs for dairy and livestock sector stakeholders, workshops on blueberry-growing techniques for interested farmers from throughout Serbia, etc.

The grants will not cover any operating expenses for established associations, but will focus on building the capacity of associations to carry out their functions, e.g. agriculture extension services, business advisory, financial management consulting, joint sales, etc.

However, for brand-new associations, the grants could cover up to one year of operating funding (essentially during their pilot phase), while they are establishing themselves and building up a track record, with a strong commitment from association members to cover the expenses in the period following the first year, e.g. under a five-year operational plan accepted by all of an association's members or similar.

These funds could also be used to support food industry associations to participate in national and regional agricultural trade shows and fairs, as well as study tours. The funds will be used to cover the costs of preparatory training programs for participants, as well as preparation of marketing materials, trade fair space and stands, business-to-business meetings during the fairs, etc. These funds shall not be used to cover lodging, travel or per-diem expenses for the trade fair participants; however, the funds may be used to cover up to 70% of such costs for study tours. Otherwise these funds will be provided without cost-share contribution requirements.

In addition to the producer organizations, the Agribusiness Project will utilize these grant funds to assist ABDS providers in strengthening their operations and promoting the establishment of new ABDS firms to provide in-demand services to firms along the value chain. The Agribusiness Project will focus on four primary areas of service delivery: technical services, including the encouraging of firms to adopt new technologies and practices to promote increased productivity and efficiency;

management services to assist firms to develop business and operational plans, strategies, and new ways of working; financial services to train firms in accessing credits and managing their financial accounting systems; and marketing services to support firms in identifying and capitalizing on new market opportunities both at home and abroad as well as finalizing new sales.

In conjunction with the Grants Manager, Agribusiness Project staff (primarily the ABDS/Finance Advisor and POs Development Specialist) will develop further details of the grant assistance programs for ABDS providers and POs. Staff also will recommend an appropriate solicitation method. The Agribusiness Project will provide complementary technical assistance and education to grant applicants and their service providers. This grants sub-program will be launched in the second quarter of Year Three; the total estimated grant budget for this activity amounts to USD\$100,000.

2.2.3 Youth Enterprise Grants Program

Youth Enterprise Grants Program is designed to encourage and promote youth entrepreneurship by supporting youth enterprise clubs, and by using informal education approaches to provide practical skill training in agribusiness development and management. The program is intended to introduce young people (the general age range is between the ages of 15-24) to agribusiness technical, financial, and business management principles.

Youth Enterprise Grants are made on a competitive basis. The idea is to invite youth through a public Request for Application (RFA) to submit original business ideas and creative business solutions in the form of an abbreviated business concept paper (the USAID Agribusiness Project shall provide the application form) in a first phase competition.

Initial concept applications shall be subject to a panel review, which will include the USAID Agribusiness Project staff, as well as interested public, private and financial sector stakeholders or youth organizations. The most promising applications will be selected to receive individual technical assistance and mentoring to develop detailed business and investment plans.

These detailed plans will be submitted for final review by the panel, which will include both USAID and the initial panel members. The winners of the competition will be rewarded with business startup grants.

Grants may not be disbursed until the business is registered, and may not exceed USD\$15,000 in amount. However, in this category grants may finance up to 100% of the total required investment.

The USAID Agribusiness Project will explore opportunities for leveraging Youth Enterprise Grant funds with the funds provided by Serbia National Employment Agency, National Investment Plan, etc. Whenever possible, USAID Agribusiness Project will award youth enterprise grants as to contribute to the competitiveness of the selected sectors.

Technical Assistance in this area shall include, but not be limited to, the following:

- Developing and implementing a youth agribusiness enterprise program, with participation and support from the agribusiness community;
- Developing a complementary youth agribusiness plan competition by detailing procedures and criteria to be used in evaluating applications and making awards;
- Receiving and evaluating initial concept applications; selecting applicants to receive follow-on assistance; and providing advice and mentoring to selected applicants to finalize business plans;

- Evaluating, selecting, and mentoring youth grantees in business startup; and
- Exploring opportunities for other complementary activities, such as networking, international exchange, business sponsorship and scholarships.

The Youth Enterprise Grants Program will be implemented in close cooperation with the USAID Agribusiness Project Youth/Gender Director and Procurement Officer. The Agribusiness Project will utilize the in-kind grant format and conduct a direct procurement for all youth grantees.

- **Note:** For details concerning *Grant Terms, Selection and Approval Procedures, Procedures for Award and Disbursal and Monitoring and Reporting*, please see the *Grants Manual*.

3. Grant Terms

The eligibility requirements for all potential grantees include the formal registration of the organization in accordance with Serbian law, basic financial statements (an active and functional, unencumbered bank account), and an organizational mission that serves a public or quasi-public purpose or multiple beneficiaries. Grant recipients must be (Serbian) Non-U.S., Non-Governmental organizations, both for-profit and non-for-profit, with no less than 51% domestic ownership and whose proposed grant activities are both consistent with the objectives of the USAID Agribusiness Project and contribute to the Project's results.

Also, the grant recipients business operations and assets must be environmentally sound, and designed to operate in compliance with all applicable national, provincial and local environmental laws, standards and other regulatory requirements and not be restricted or prohibited by international environmental agreements.

The principal criteria for grant awards will be the expected quantitative and qualitative results that can contribute directly and substantially to the increased competitiveness of the sector, sub-sector or value chain, as distinguished from generating financial benefits that accrue solely or primarily to the recipient of the grant. Within this context, grant applicants are expected to provide reasonable estimates of increased sales, exports and employment generated compared with total cost.

USAID Agribusiness Project shall not award any grant that exceeds USD\$100,000 or for a period that extends beyond the estimated completion date of the USAID Agribusiness Project. The terms of all grants shall allow for an orderly close-out prior to the end of USAID Agribusiness Project, i.e. September 1, 2012.

Grants will be structured, timely, quantified, and used in combination with and in order to leverage other financial resources, including cost-sharing with grantee funds and in-kind contributions. It is usually expected that the grantee will make some contribution to the activity for which they are seeking funding. This can be either in-kind (such as labor and materials) or cash. The purpose of the matching requirement is to leverage additional resources toward achieving the program's objectives and to give the grantee a stake in the outcome of the activity. Whenever the goal of a grant is the provision of public goods, the matching contribution (a cost-share by the grant recipients) shall not be required; otherwise, the grant recipients will be required to provide, at a minimum, 30% of matching funds, whether in-kind and/or cash, for any particular grant activity.

Cost-sharing or matching refers to that portion of project or program costs not borne by the USAID Agribusiness Project. All contributions, including cash and in-kind contributions, are accepted as part of the recipient's cost-sharing or matching when they meet the criteria established in the

standard provision governing recipient contributions. Grant cost-sharing must be in conformance with applicable USAID guidance: specifically, the Required as Applicable Standard Provision entitled “Cost Sharing.” It is USAID’s policy not to apply its source, origin, and nationality requirements or the “restricted goods” provision established in the Standard Provision, entitled “USAID Eligibility Rules for Goods and Services,” on cost-sharing amounts. In accordance with 22 CFR 226.24, program income may be used to finance the required cost-share portion of the grant award.

The following specific eligibility criteria shall apply to all potential grantees, with the exception of youth enterprises:

- A sub-sector value chain actor(s) registered under Serbian law, and
- Demonstrated experience or capacity in market-linkage capacity building or related activities or show evidence of institutional capability in the above said area, and/or
- Ability to obtain the necessary management competence in planning and carrying out assistance program, and/or
- Be an organization capable of practicing cost sharing (matching) principle in cash or in-kind.

Single agriculture producers, i.e. small farmers, individuals, political organizations, foreign-owned and government institutions, and religious groups are not eligible for grants under the USAID Agribusiness Project without prior approval of USAID. Also ineligible are private agribusinesses and Non-Governmental organizations whose objectives are not consistent with the objectives of USAID Agribusiness Project, which ultimately must recommend the grant for approval.

All grantees will be required to sign the following certificates:

- Certification Regarding Anti-Terrorism Financing
- Certification Regarding Debarment, Suspension and Other Responsibility Matters
- Certification Regarding Drug-Free Workplace Requirements
- Anti-Trafficking Activities

Support of international travel or the purchase of equipment having a useful life of more than one year and an acquisition cost of USD\$5,000 or more may be authorized as long as the applicable grant type and its applicable Standard Provisions will allow.

Commodities and services procured under the USAID Agribusiness Project must be procured in accordance with the following order of preference:

- (1) The United States (USAID Geographic Code 000)
- (2) Serbia, and then
- (3) A SEED or EU Country (USAID Geographic Code 935)

The procurement of non-U.S. commodities or services must be documented to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement, as well as the reasons justifying the non-U.S. procurement.

USAID Agribusiness Project will follow the provisions of the Initial Environmental Examination (IEE) ensuring that all requirements of the environmental regulations as described in 22 CFR 216 are satisfied prior to a grant award. The USAID Agribusiness Project Environmental Specialist shall conduct environmental due diligence as specified in the IEE for all activities not categorically

excluded, implement appropriate mitigating actions, and conduct adequate monitoring to ensure environmental concerns are addressed. Specifically, the Environmental Specialist shall conduct environmental compliance, review, and due diligence for the grants program, and farmer and enterprise training on environmental issues. Areas of responsibility will include Environmental Due Diligence (EDD), Pollution Prevention Assessments (PPA) related to clean production, the preparation and implementation of a Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP), and certifications (HACCP, ISO, GAP, etc.).

4. Selection and Approval Procedures

All grant applications will be solicited as follows:

- Applications solicited through public notification for a specified program or support activity;
- Applications solicited directly from selected potential grantees (NGOs, etc.) for a specific activity; or
- Unsolicited applications.

Grants may be awarded on both a solicited and unsolicited basis. In order to meet minimum eligibility criteria for grant competition, grant proposals must:

- Meet at least one of the USAID Agribusiness Project’s objectives, principles and project-level indicators provided in the Performance Monitoring Plan;
- Contain expected outcomes and results consistent with and linked to USAID Agribusiness Project objectives;
- Be submitted by a Serbian organization (either for-profit and non-profit and registered under Serbian law); and
- Contain evidence of a significant cost share commitment in most, but not all cases.

USAID Agribusiness Project staff will screen all concept papers and applications to ensure compliance with all eligibility requirements prior to forwarding the materials to USAID/CTO for final approval.

Grant applications that meet the above minimum eligibility criteria will be reviewed and awarded using a process based on, but not limited to, the following selection criteria:

- Demonstrated capacity of organization, including sound financial practice, in areas pertaining to the proposed activity;
- Responsiveness to need;
- Potential for impact;
- Demonstrated likelihood of proposed activity to further project objectives; and
- Appropriateness and feasibility of project activities within the proposed timeframe and budget.

All grant applications will undergo a review and selection process by the USAID Agribusiness Project Grants Review Committee to ensure the objective and effective evaluation of proposals. The Review Committees will be convened bi-weekly or as necessary. The Committee members will consist of a USAID Cognizant Technical Officer designated for this activity, the Chief of Party, the Operation Director and/or the Deputy Chief of Party, the Grants Manager (a non-voting member), and at least one of the USAID Agribusiness Project’s Technical Advisors/Specialists, i.e. a Grant Advisor, preferably who is involved in the sub-sector being assisted by a reviewed grant. USAID

must provide a “no objection” to each grant. The Committee will make a determination of responsibility of the grantee, which will include a determination of its financial, management responsibility and feasibility of the proposed activities and showing the total contribution that will accrue to the sector.

The Grants Manager’s responsibility is to provide all needed background information and written instructions, including the evaluation criteria, to the individuals participating in the Committee. The Manager also is to generate a Grant Committee Review Record that summarizes the selection and approval process. The Grants Manager must also ensure that all of the rules and regulations in the approved Grants Manual are carried out in all phases of the grant award process. The Grants Manager and/or a Grant Advisor must also respond to any requests made by the Committee for additional information, further studies, etc.

The Committee shall do one of the following:

- a) Review and approve the grant proposal.
- b) Review and ask that changes and amendments to be made.
- c) Reject the grant proposal in whole after reviewing.

In the cases of a) and b) and after all necessary changes and amendments are completed; Grants Manager will resubmit the grant proposal to the Chief of Party for approval. Once the grant proposal is approved, Grants Manager generates an appropriate grant agreement to be reviewed and signed by the Chief of Party.

By signing the grant agreement, the Chief of Party shall confirm:

- That all budgeted costs have been verified as allowable, allocable and reasonable.
- That the implementation plan and detailed benchmarks and disbursement schedule are complete, realistic and accurate.

5. Procedures for Award and Disbursal

All grants are issued on a cost-reimbursable basis, except the Youth Grants. Further procedures for grant awards and disbursal are set forth in the Grants Manual. Again, USAID must provide “no objection” to each grant award.

6. Monitoring and Reporting

All grantees will be subject to regular and periodic monitoring visits and reporting requirements. Grants under implementation will have a customized monitoring plan when deemed necessary by program staff. This plan will be flexible and dictated internally by the amount, length and complexity of the grant, as well as accessibility of the grantee’s location.

Grants Program Report will be submitted with the required quarterly and annual program reports summarizing the grant amount disbursed during the reporting period, number of people employed (data segregated by gender) prior and ante, increased sales, number of POs as recipients, as well as other relevant indicators within the Performance Monitoring Plan as collected through the Quarterly Impact Surveys and the Annual Survey. Grants Manger and MIS Specialist will assure the grants program is updated on a day-to-day basis in the TAMIS.



**USAID Serbia
Agribusiness
Project**



USAID Serbia Agribusiness Project

Year Three Annual Workplan

October 1, 2009 – September 30, 2010

Annex VII – Project Communications Plan

Project Communications Plan

The table below, “Communication Strategy,” presents Section 1 and the action plan for each Project component. It was developed in August 2008 by Project consultant Joanne Adams. It represents actions to be taken over the life of the Project; these activities were initiated in Year Two.

All highlighted sections represent activities that were either initiated and/or completed in Year Two. A detailed Year Three Work plan is presented in Section 2.

SECTION 1: Scope of Communications Activities

Objective	Target Audience	Activity	Responsibility
COMPONENT 1: Increased efficiency and competitiveness of Serbian agribusiness			
Objective 1.0 Sub sector selection, analysis, and commodity action plan development	Define target audiences	Develop marketing and communication plans to correspond with each commodity action plan; develop fact sheets on each sub sector	Marketing and communication staff, sector leads and STTA
Objective 1.1 Strengthen producer organizations	Trade media Domestic public and businesses	Assist producer organizations in publicizing and marketing improvements in the development of producer organizations	Marketing and communication staff, ABDS providers
Task 1.1.2 Conduct needs assessment of selected organizations			
3. Marketing	Selected producer organizations	Conduct marketing and communication evaluation of selected producer organizations and identify needs for training and technical assistance in marketing and communication	Marketing and communication staff, STTA
Objective 1.2: Improve agribusiness development services delivery (ABDS delivery)	Trade media Domestic public and businesses	Assist ABDS organizations in publicizing and marketing improvements in the development of ABDS organizations	Marketing and communication staff
Task 1.2.1: Build the supply for business services		Encourage the growth and development of new media as an agribusiness service	Marketing and communication staff

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Objective	Target Audience	Activity	Responsibility
3. Provide sub sector specific technical assistance 4. Train ABDS providers 7. Introduce ABDS cost sharing	ABDS providers	Develop communication and promotional capacity of sector businesses, producer organizations and ABDS providers: develop, scope budget, RFP, and manage sub contractor to provide marketing and communication training and technical assistance to stakeholders Accredit communication and marketing ABDS to receive ABDS cost sharing Market cost sharing system	Marketing and communication staff, STTA and ABDS providers
Task 1.2.2: Improve access to and utilization of financial services	Domestic producers, processors, and exporters	Assist in publicizing improvements in access and utilization of financial services	Communication staff, ABDS providers
Task 1.3: Improve access to domestic and international markets	Domestic public and businesses International trade, financial and general media International buyers Domestic producer organizations, producers, processors, exporters and supermarkets	Develop articles and ideas for publication and issue press releases and articles to domestic, general business, trade and international media. Encourage journalist site visits to agribusinesses throughout Serbia. Provide (and train stakeholders to provide) value chain/agribusiness articles, photographs and ideas regularly to publications such as: The regional English language quarterly, http://www.see-market.com/ The domestic weekly Ekonomist magazine, http://www.emportal.co.yu/ The domestic bi-monthly Market magazine, http://www.market-srbija.com/ Internet newsletters, http://www.emergingeuropemonitor.com/ http://www.reportbuyer.com/ http://www.mojafarma.co.yu/ Distribute Serbian version of USAID's Economic Transformation Projects quarterly e-newsletter, Fast Facts to domestic producers, processors, exporters, and other stakeholders	Communication staff, ABDS providers
1. Institutional producer training and education	Domestic producers	(see 1.2.1.3 and 4)	

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Objective	Target Audience	Activity	Responsibility
2. Ensure info flows for producers and buyers in sub sectors	Domestic producers, processors, exporters and supermarkets	Maintain and distribute to stakeholders list of domestic and international websites that provide access to market information systems (MIS) Assist in the development of a Serbian language private sector newsletter (ABDS) on international market information: develop SOW/RFP to provide cost sharing grant.	Marketing and communication staff, ABDS providers
3. Organize sub sector export associations	Trade media Domestic public and businesses	Publicize and provide communications training to sub sector export associations	Communication staff, STTA, ABDS providers
4. Improve access to domestic markets; raise awareness of quality of Serbian agribusiness products (formerly, Launch a Buy Serbia campaign and mark of quality)	Domestic media, public and businesses	Assist producer organizations and ABDS providers in developing programs to increase public awareness of the quality of domestic products in the six sub sectors; encourage identification of local products at local at point of sale; encourage packaging of local products that identifies origin of product.	Communication staff, ABDS providers
5. Improve government support for promotional efforts	International buyers	Assist SIEPA/Ministry of Agriculture with marketing and communication activities at trade fairs	Marketing and communication staff, Ministry of Agriculture, ABDS providers
6. Enhance agribusiness linkages for market access	Domestic producer organizations, producers, processors, exporters and supermarkets	Assist producer organizations in the development of communication/promotional campaigns in export markets Assist in communication of programs such as GLOBALGAP food certification program	Marketing and communication staff, ABDS providers
Objective 1.4: Develop a youth enterprise program and business plan competition	Domestic media, public and businesses Educational institutions	Publicize youth enterprise program and business plan competition	Communication staff
Objective 1.5: Initiate crosscutting activities—volunteers, media, gender, and environmental and economic analysis			

USAID Serbia Agribusiness Project – Year Three Annual Workplan

Objective	Target Audience	Activity	Responsibility
Task 1.5.1 Generate positive media coverage	USAID Serbian public	<p>Organize Project and USAID media events</p> <p>Draft press releases on Project activities for USAID or Project to distribute</p> <p>Write success stories and provide photographs for USAID website and bulletin, and for USAID’s Economic Transformation Projects quarterly e - newsletter, Fast Facts</p> <p>Seek opportunities to communicate with stakeholders through domestic media: arrange interviews, provide information to journalists, issue press releases</p> <p>Provide briefings for journalists on agribusiness, value chain analysis and market linkages</p> <p>Provide monthly updates to USAID on domestic, trade and international media published with Project assistance</p> <p>Develop and maintain Project web site</p>	Communication staff
Task 1.5.2 Establish Women’s agricultural group		Publicize women’s agricultural group	Communication staff, ABDS providers
Task 1.5.3 Access volunteers to support POs and Agribusiness		Publicize volunteer efforts	Communication staff
COMPONENT 2: Improved enabling environment for Serbian agribusiness			
Objective 2.1. Improve crop and livestock production estimates and market price information systems		Assist producer organizations in publicizing agribusiness reforms	Communication staff
Objective 2.2: Facilitate legal, policy, and regulatory reform		Assist producer organizations in publicizing agribusiness reforms	Communication staff, ABDS providers

SECTION 2: Detailed Communications Work Plan - Year Three

Overall Project Communications/PR Activities

Local Media Coverage: As was the case in Year Two, one of the key activities in Year Three will be ensuring positive media coverage and establishing good working relationships with the media. In Year Two, the Project established a valuable collaboration with the local press. The vast majority of agricultural journalists are by now well aware of Project activities; communication with the press has been continuous. The main aim of the Project is now to further foster positive media coverage and thus provide visibility to Project activities and USAID efforts. Another crucial aim continues to be the building of a strong rapport with relevant journalists/editors and establishing a good public image of Project activities and objectives.

Crucial to these efforts has been the close involvement of local press in Project activities. All communication directed at media, at all times, is structured in a manner that is simple, informative, direct and newsworthy - trying as much as possible to stay clear from communication for the simple sake of PR activity.

In Year Three, the Communication Advisor will continue to build strong relationships with the local media by involving them in project activities as much as possible. Future plans and details of Project activities will continue to be presented to journalists in an informal manner, such as during media brunches and the attendance and involvement of journalists in project activities, such as international and regional fairs, certification processes, conferences and so forth.

The experience of Year Two has demonstrated that the involvement of journalists in international exhibitions and fair organized by the Project reinforces their understanding of a number of pertinent issues (the overall importance of fairs, the specific importance of proper presentation, market requirements, and all Project activities designed to help exporters) and thus helps stimulate press coverage that is not just simply informative, yet educational too. This type of coverage is crucial for educating current and future exporters. It also presents best practices and provides good examples to other agribusinesses.

International Media Coverage:

Promoting Serbian products through specialized international media is of tremendous importance in informing international buyers of the rapid and substantial developments within Serbia's agribusiness and in informing buyers of where to source Serbian goods. Ultimately, it helps in building and strengthening the image and reputation of Serbian agribusinesses.

In Year Three, the international promotion through specialized media effort will be increased. In Year Two, substantial effort was directed at building relationships with international journalists and editors. In preparation for every international fair or exhibition, media advisories were distributed to targeted international media; press releases were distributed following these events where appropriate as well. Press kits and other tools offered at fairs and exhibitions will continue to be used in order to reach international press. All media activity prior to and following fairs was coordinated among Project partners, including the Ministry of Agriculture, SIEPA and GTZ, wherever and whenever appropriate.

In preparation for major international events, the Project will procure advertising space in major international media to reach buyers. Some of the key media outlets for this will be: Eurofruit Magazine, Foodnews, Meat International and others. Once the SerbiaNaturally portal is established, it will consist of six separate portals (for each subsector). These will be promoted through targeted

media. The 'SerbiaNaturally' slogan will be used in presenting Serbian products at international events.

Newsletter:

Year Two has seen publication of five issues of the *USAID Enterprise Development Activities Newsletter*. This newsletter aims to inform major stakeholders in the country on USAID's enterprise development projects. This newsletter is published bimonthly and contains articles on major project activities and achievements. In Year Three, the Communications Advisor will continue to publish high-quality articles in the newsletter and to increase the distribution of the same.

Website:

Improvements to the website will continue to be made where and when appropriate. The calendar of events and news and resources sections in particular will continue to be updated daily in order to provide up-to-date information on Project activities.

Publications:

The Communications Advisor will continue to oversee project publications. The graphic design and layout must correspond to all USAID requirements. The resources section of the website (both language versions) will continue to be built up. The Communications Advisor must take the lead in ensuring that translations of important publications and manuals are carried out so that they can be utilized by Serbian beneficiaries. The Communications Advisor will continue to work with Project staff in recognizing opportunities and the need for publications and other material that is of use to beneficiaries. When publications are of crucial importance, such as certain studies, all Project efforts and useful information resulting from the same should be made public where appropriate.

Public Events:

Year Two has seen a spate of public events fuelled by the implementation of important Project activities. The communication policy of having at least two public events a month will continue in Year Three. These are specifically events that will draw the attendance of USAID senior management and/or the Chief of Mission. These events must be carefully managed and should ideally stimulate media interest and positive coverage for USAID and the Project. Whenever possible, highest level Government of Serbia representatives should be present. This raises the event profile and ensures media interest.

Media Capacity Building:

In Serbia, the agricultural sector is one of the most profitable sectors. The Government of Serbia continues to maintain that developing this sector is one of its priorities. Adequate and timely agricultural information dissemination is a key to stimulating growth and progress in this sector. Information needs to reach its target audience in order for change and growth to occur. Agricultural journalists play a key role in transmitting information to target audiences. For example, in a period when Serbia is embarking on the road to EU accession, it is of crucial importance that journalists understand what this process will entail in terms of agriculture, what changes will be required and how these will affect agriculture and all its stakeholders in Serbia. Journalists need specific information and training that will equip them with the tools needed to further collect, digest and disseminate information. Informed journalists can also provide pressure and positive criticism in regard to the processes that are taking place.

These needs will be best addressed by professional bodies such as IFAJ, the International Federation of Agricultural Journalists, and various educational institutions worldwide that offer specific trainings designed for agricultural journalists.

In Year Three, the Communications Advisor will work with local journalist bodies (associations, unions) and relevant international partners to identify and define a training program for editors and journalists in Serbia that will have a positive impact on their knowledge and capacity to disseminate valuable agricultural information. The possibility of organizing a training event in collaboration with the IREX Serbia office should be explored.

Agricultural Information Dissemination:

In Year Three, the Communications Advisor, with the assistance of the Sales and Marketing Director, will source an international STTA to conduct a study on current sources of agricultural and agribusiness information (local media outlets), the type of information distributed, the target audiences and gaps in information dissemination (in terms of crucial information that needs to be made available specifically to Project beneficiaries). The aim of the study will be to identify what key information is lacking and to identify local media partners that can, through a grant mechanism, address this deficiency. The key aspects to consider will be how to ensure that crucial international market information and trends reaches exporters, as well as how to ensure the sustainability of this service. The STTA will be required to develop a sustainable business model that will enable the local service provider to continue providing the service.

Sub-Sector Communications Activities

The activities specified in this section have been identified as key communications activities that relate to the activities specified in the sub-sector workplans. The focus of communication will be on the actual results and not isolated activities, unless it is determined that there is specific value or benefit from publicizing a stand-alone activity.

- Involve journalists and publicize efforts in training and technical assistance by STTAs. Ensure that training manuals and other relevant information is captured and made available publicly.
- Publicize the results of the efforts geared toward strengthening producer organizations.
- Publicize marketing and promotional assistance, especially as they relate to international fairs and where these have been done through organized groups such as associations and cooperatives.
- Oversee the promotional campaign (berry health benefits).
- Publicize the availability of grants where appropriate.
- Involve the media in the UPOV workshop/seminar and make available information on the importance of the law that regulates intellectual property rights/planting material.
- Publicize established partnerships that will result in improved supply of inputs and the availability of business services.
- Promote the results of efforts geared towards the improvement of ABDS delivery.
- Publicize efforts resulting in certification and standardization.
- Publicize efforts of educating youth in farm management.
- Publicize the efforts geared towards building market linkages.
- Assist in promoting and making information available on Project grants or Government of Serbia funds for the sectors.
- Publicize results of any effort resulting from Project's assistance with supply of equipment, technical expertise or new technology.
- Assist the Ministry of Agriculture and/or any other relevant Government of Serbia institution where appropriate in the dissemination of information to stakeholders.

Cross-cutting Communications Activities

Policy:

- Promote the importance of international standards and the grants program. Publicize relevant results.
- Promote efforts and results of the STIPS program.
- Assist in the preparation of Guide Book on Integration of Serbia in the EU and CAP; promote this in the media and ensure as wide as possible circulation.
- Publicize, where appropriate, any efforts and support to policy implementation (Warehouse Receipts Law and the adoption of the new Law on Cooperatives).

Youth:

- Publicize the introduction of "Entrepreneurship in Agribusiness" in specialized agricultural high schools and/or universities.
- Promote the Internship Program.
- Promote the Business Plan Competition and publicize the results of the competition.

Gender:

- Publicize the efforts of the Project in stimulating agribusiness entrepreneurship amongst women.

Environment:

- Promote the importance of environmental protection and safe pesticide use and publicize the training and certification program carried out in collaboration with the Ministry of Agriculture.
- Promote the activities relating to integrated pest management.
- Publicize any results that relate to Project assistance in promoting and helping beneficiaries adopt cleaner production.

ABDS:

- Assist in the promotion of the new Belgrade Food Show.
- Publicize results of activities relating to export consolidation.
- Publicize the development, accreditation and capacity building of laboratories.
- Publicize improvements in access to funding resulting from Project assistance and promote any information dissemination mechanisms such as the *Guide to Agro-lending*.
- Assist in the dissemination of information on the availability of donor funding such as EU IPARD and other funds.

Producer Organizations:

- Publicize all efforts geared towards building the capacity of POs - such as planned trainings and technical assistance - and efforts geared toward establishing new POs.
- In collaboration with the PO Specialist issue a RFP for the pre-qualification of producer associations, which will receive communication and PR training in Year Three. The training (of approximately 10-15 associations) will be carried out by a qualified trainer and will focus on the following aspects: Information presentation (e.g., websites), provision of information to members, dealing with the media and the public, organizing events, publicizing PO efforts/achievements, lobbying etc.

Marketing and Sales:

- Promote sales and marketing training in preparation for international fairs.
- Promote activities geared toward increasing exports to local and international media.
- Publicize results generated during and after international fairs and exhibitions.
- Carry out advertising and promotional campaigns in preparation for events.
- Publicize results achieved by beneficiaries through the assistance provided by the Sales and Marketing Department.
- Establish and maintain close collaboration with the Ministry of Agriculture and/SIEPA PR teams - where appropriate to ensure joint promotion of activities.
- Establish and manage the *SerbiaNaturally* portal.