



**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

**Quarterly Report – Year Three Quarter One**

**October 1, 2009 – December 31, 2009**

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# USAID Serbia Agribusiness Project

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## **I. INTRODUCTION & SUMMARY:**

Development Alternatives, Inc. (DAI) in association with its partner firms, Booz Allen Hamilton (BAH), International Relief & Development (IRD), Michigan State University (MSU), the Training Resources Group (TRG), and the QED Group, is pleased to present this quarterly report for the period October 1<sup>st</sup> to December 31<sup>st</sup> 2009 for the USAID Serbia Agribusiness Project. This report reviews activities included in the Year Three Workplan, and follows the general outline for quarterly reports contained in the Task Order (section A.8.2). The report also includes a number of Annexes, which have been used to provide additional detailed information on Project activities.

This quarter produced four main observations. First, the program has reached a new and much higher level of implementation. This level substantially exceeds that observed during the first half of Project Year Two and satisfies the desires of project management for a vigorous and robust technical program, and USAID for a project that can utilize allocated resources fully and effectively through the five-year life-of-Project. Second, informal discussions with USAID management have suggested possible modifications in project management to generate more outreach, and a higher impact on public awareness of the importance of the agricultural sector. Third, the global financial crisis continues to affect Serbian agriculture and is likely to do so at least through the next season. Fourth, modifications of core and cross-cutting sectors put in place this quarter result in a portfolio of events and activities that increase likelihood the Project will attain its targets and program goals.

A key observation at this stage is that an overarching goal this quarter was to transition to different operating modes that will generate higher impact per dollar, such as trade show implementation, and to build local capacity. Year Three will serve as the practical platform upon which the Project will build a legacy of replacing its technical and management contributions with local entities and institutions capable of providing these services to the Serbian agricultural sector.

By ratcheting up the implementation rate the Project has produced a reliable cadre of expat STTA specialists who can be called upon for high-impact short term work. The expectations of these STTAs have expanded to include contributing to capacity building at universities, and other institutions, while in-country. This will serve the technical program well over the remaining life of the Project. Technical approval received during the quarter for the proposed budget modifications has resulted in smoother and more efficient operational approaches. This has assisted the Project to increase its implementation rate, with increased confidence in the soundness of its portfolio.

A serious issue is the failure of SIEPA, and the Ministry of Agriculture, to fulfill their commitments to provide financial support for international trade shows and fairs. The reasons for this are well known, but the fact remains. In response, the Project has made it known to SIEPA and the ministry that Project funds cannot be used to replace the deficit now existing for these international events. Further, the Project has adopted an approach to these events that emphasizes outsourcing their implementation, mainly through associations, which requires a more direct financial contribution from the firms attending the events. The Project is also more carefully targeting which events will receive support, based in large part upon the cost-benefit ratio expected from such attendance.

Indeed this transition is already well underway and is also reflected in new approaches to managing the important Project sub-sectors of Livestock and Youth & Gender. The Project will utilize grant funds to obtain services from local partners that have succeeded in improving agricultural efficiency in the past. Organizations now under consideration by Project management include the Fruits of Serbia association, Serbia Organica Association, Junior Achievement, Agrar Kontakt, and Agropress (see image of the Agropress Conference poster on the next page). The Project will augment this capacity-building by a continuing emphasis on generating sales and employment

through low cost, but high impact, innovations. An example would be establishing a regional food trade show in Belgrade to be funded mainly by implementing partners and revenues from the event. The Project will be a catalyst for the event by providing only minor funding to this initiative. The Project will continue to demonstrate such innovation and flexibility in its approaches to agricultural development, and will remain alert to new opportunities that inevitably emerge as Project and program experience increases.

In the quarterly impact survey, 67 clients reported results. These firms reported \$17.3 million in contracted and under negotiation sales, with \$5.7M of this already delivered. It is important to note that approximately half of these amounts represented exports, and exports are crucial in mitigating the impact of the continuing financial crisis. Especially gratifying in these results is that nearly half of the delivered sales are in the vegetable sub-sector, a previously lagging sector. In general, first quarter performance results are encouraging, and suggest that Project activities remain appropriate for reaching program goals and objectives.



## **II. ACTIVITIES PLANNED & IMPLEMENTED DURING THE PERIOD:**

During the first quarter of Year Three, the Agribusiness Project began implementation of a wide variety of activities and events included in the Year Three Workplan, as well as activities that were implemented in response to changed circumstances. While most of the activities implemented were based on items included in the Workplan, additional items, such as the increased emphasis on the south of Serbia and a continuation of the Project response to the financial crisis, were based on changes in the environment and newly identified opportunities for Project intervention.

### **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

#### **1.0 Commodity Action Plan Activities:**

**1.0.1 Berry Fruits:** During the first quarter the Agribusiness Project continued to support the berry fruit industry on two tracks: 1) the establishment of fresh berries as a sub-industry; and 2) improving the competitiveness of value-added processed berries. Both tracks are aimed at increasing the value of berry product sales and exports, and the creation of new employment. The main focus during this period was on activities leading to improved knowledge regarding new technologies, improved access to markets, and strengthening Producer Organizations. The Project supported presentations of ozone generators (to maintain fruit freshness), client exhibits at the ANUGA Trade Fair, and the establishment of a new national growers association “Serbian Blueberry”. Besides these activities, the implementation of a range of cross-cutting and sector-specific technical assistance programs and grants, such as training for cooperative managers, marketing and promotional grants, and the international standards grants, have continued over the quarter. Even though the global crisis has negatively affected the Serbian berry industry, and has led to reduced operations, and even bankruptcy, for some stakeholders, Project clients maintained their interest in participating in activities designed and offered by the Project during the quarter.

**1.0.2 Dairy Products:** Over the course of the quarter, the Agribusiness Project implemented and/or coordinated a range of dairy sector specific and cross cutting activities and events from the Year Three Work plan which support the objective of increasing the efficiency and competitiveness of Serbian Agribusinesses in the dairy sector. The main activities, however, were related to completion of activities began in previous quarters, such as grant projects, international standards implementation in dairy companies, and sector specific technical assistance. In addition to the ongoing activities, the Agribusiness Project has developed a dairy strategy for the less developed

South Serbian region, and has expanded collaboration with USDA/Serbia on new technology workshops (ie bio-gas digesters), and other USDA assistance to dairy clients. During the period the Velickovic Dairy, from Surdulica, received ISO 22000 certification with Project grant assistance. The Fostering Innovation and Quality Dairy Grant (Taurus) was also completed, resulting in \$316,357 of increased milk sales by participating farmers, and five dairies were approved for Marketing & Packaging grants (see the Nis Dairy promotional campaign, at right). Based on a collaborative effort between the Project and USDA, the Veterinary Department within the Ministry of Agriculture has approved a new veterinary certificate to be used for Dairy exports to USA, which will allow Sabac Dairy to move ahead with exports negotiated at the Fancy Food Show in New York. In addition to these activities the Project has also shortlisted two youth grants in the sector for further consideration.



**1.0.3 Livestock:** The Project’s Value Chain Assessment (VCA) identified the opportunity to increase beef production, and as a result increase exports to the EU under Serbia’s quota and bring down the price of beef in the domestic market. The main challenges in the beef sector are the structure of the supply of meat into slaughterhouses, starting with animal fattening. During the last quarter the Project undertook a review of the Livestock Sector strategy, and this study confirmed the main impediment to sector growth – the shortage of calves available for the fattening and slaughterhouse system. Following this study, the Project will revise its approach to the Livestock Sector, to try and address the key constraints limiting the growth of animal production. The Project will use the grant mechanism to fund a training program to be implemented by Project partner “Agrar Kontakt”. This program will build on the impact and the results of the first “Agrar Kontakt” grant, and will also continue the technical assistance and training activities begun in Year Two.

**1.0.4 Herbs & Mushrooms:** As was planned in Herb & Mushrooms section of the Year Three Workplan, the Project placed a greater emphasis on the herb sector with the focus being on exports, national association development, and the addition of value-added products that clients can use to support their export efforts. The main achievement this quarter was the establishment of a new national association for the herb processing industry, known as “Serbian Flora”. This association was established with the direct support of the Agribusiness Project. This is the first step in an intensified program of assistance to the herb industry stakeholders, with this new association becoming responsible for many of the activities the Project will support in the future. As a result of activities implemented during the quarter, and the impact of activities in previous quarters, Herb & Mushroom client companies have contracted for \$825,000 in new sales, and a total of \$848,500 of product was delivered. In addition these companies have added three new full time employees, in a period when most Serbian companies have been reducing employment levels. The Bile Borca tea company, which has begun to export their teas to the US market, also completed their grant program for the re-design of their tea packaging to meet US market requirements. An image of one of their new tea packages, with the new brand name “Lords”, is shown above right.



**1.0.5 Tree Fruits:** The focus of assistance in the Tree Fruit Sector during the quarter continued to be on assisting client firms to reduce their cost of operation, improve the quality of their fruit, and to expand their penetration into regional and international markets. In order to achieve maximum utilization of apple orchards equipped with drip irrigation systems, and to lower the cost of fertilizer use, the Project organized an STTA for technical assistance and training to apple producers on the

issues of irrigation & fertigation. As a part of this assignment, the STTA created a comprehensive Technical Manual on Irrigation & Fertigation of Apples in Serbia which contains practical advice on improving the performance of drip irrigation systems in Serbia. In order to increase local capabilities, and to create a more suitable environment for consultancy services, the suppliers of irrigation equipment and fertilizers will collaborate with the Project on the creation, printing and distribution of the Technical Manual on Irrigation & Fertigation of Apples in Serbia.

Foodland and Vino Zupa from the Tree Fruit Sector exhibited their products at the ANUGA Trade Fair in Cologne in October. ABD Prom also presented their frozen tree and berry fruit products as part of the Fruits of Serbia Association exhibit at the fair. Based on the introduction of international standards, Greeny, Atos Vinum, and ABD Prom have delivered fresh and frozen tree fruit products to international customers worth \$800,000, and are now negotiating an additional \$220,000 of potential sales. The fact that these companies have GlobalGAP and/or ISO 22000 certificates represented either a pre-condition for the delivery, or a required proof of product quality on the part of the buyers. In cooperation with the Project's Marketing & Sales team, the Tree Fruit Sector Lead organized meetings for, and accompanied, representatives of the French companies Favols, and Naturgie, and a representative of the Ecocert organic certification body, with potential suppliers of organically and conventionally produced sour cherries and prunes from the South of Serbia.

**1.0.6 Vegetables:** In the vegetable sector, the previous quarter was marked by harvests of the most representative open space root and cabbage vegetable types. Some of the previously contracted quantities have already been delivered to buyers (primarily processing industries), while considerable amounts of fresh vegetables for future supply have already been put into storage. Prof. Elazar Falik, a Post-Harvest Specialist from the Post-Harvest Institute in Israel, visited Agribusiness clients during the quarter. During his visit, Prof. Falik presented new technologies for root crop & vegetable post-harvest handling. An emphasis was put on carrot & potato storage, since these products represent the major crops for Project clients. A two-day Post-Harvest seminar for Serbian & Macedonian service providers involved in assistance to vegetable producers was held in Strumica (Macedonia), with this being a joint program of the Agribusiness Projects from the two countries.

The second session of the Farm Management Training program was held in Kanjiza in November. During the seminar the trainer discussed the following topics: partial budgeting, income statements, financial analysis, economic principles, and others. Participants were especially interested in risk management and investment efficiency calculations. Five vegetable sector companies exhibited their products at the ANUGA Trade Fair in Cologne in October. During the fair potential buyers from the EU, Russia and also the Middle East showed significant interest in Serbian vegetable products. *Biotrend*, from Novi Sad, concluded negotiations with the "White lake" company, the largest distributor of products in a controlled regime in Hungary. *Biotrend's* products will be sold in the four largest supermarket chains: *Achan*, *Metro*, *Interspar* and *BCA* through this distributor.

### **1.1 Strengthen Producer Organizations:**

Over the course of the quarter the Producer Organization component of the Project was focused on preparing the upcoming joint nationwide training program with the Serbian Ministry of Agriculture to assist management of agricultural cooperatives. A service provider, to deliver the training sessions to cooperative managers, has been selected, and a public call to all Serbian agricultural cooperatives to apply for trainings has been announced. Other significant events this quarter include the formation of two new commodity-based national associations with Project assistance – the blueberry producers' association, and the national herb processors association. These newly established national organizations will improve the business environment for their members, insure better market access, and undertake joint promotional and marketing activities for their members.

The picture at right shows the inaugural assembly meeting of the blueberry producers' national association, which has been named *Serbian Blueberry*.



Another noteworthy development was progress with the existing national associations to strengthen their organizations and broaden the scope of member services. The Project has determined that effective activities and services aimed at the association membership are limited, and do not serve the agribusinesses very well. As part of this effort several steps have been undertaken to assist the Association of Organic Food Producers, *Serbia Organica*. In addition, Project activities aimed at export promotion and exhibits by Serbian companies at foreign trade fairs will be undertaken through national pavilions sponsored and organized by Project client associations as a service provided to their member companies.

### **1.2 Improve ABDS Service Delivery:**

The Project continued to promote and cooperate with Lagermax on the consolidation services they are now offering, and they have reported that they transported goods worth \$460,000 to the EU, Russia, and other regional markets. The company also reported \$60,000 in income from these services. In December, the Project organized a presentation on the planned new food show in Belgrade that the local service provider “Belxpo” will organize, with Project support. All of the participants at this meeting expressed interest in this show, which has the working name “Pijaca (market) in Belgrade”. The show is now scheduled for the second half of June 2010. SIEPA, EEN, GTZ, and the Serbian Chamber of Commerce have also promised their support for the new show.

In October, Project organized an award ceremony for individuals that successfully completed the business skills training courses. In total, 103 individuals from 45 Project client companies (representing all six subsectors), completed the training program, and they all have rated it very highly in the survey conducted at the end of the program. On behalf of USAID, Mr. James Stein handed over certificates to representatives of companies that sent individuals to this program.

### **1.3 Marketing & Sales Program:**

The Marketing & Sales team organized participation of Serbian companies at the ANUGA trade fair in Cologne in October, with Serbian companies exhibiting in two pavilions – 14 companies in the Frozen Food pavilion (96m<sup>2</sup>), and 10 companies in the Fine Foods pavilion (80m<sup>2</sup>). Many of the companies participated in this fair under the auspices of the Fruits of Serbia Association, which organized their participation in this event. The 24 companies participating reported \$7.5M of contracted sales, and nearly \$24M in sales under negotiation as a result of this event. Prior to the fair Project staff organized a Sales training program for the participants at the ANUGA trade fair.

Marketing & Sales staff also organized marketing trainings, conducted by a Project STTA, at Belgrade universities and institutes. Two training sessions were presented by STTA Jeffrey Spear at the Faculty of Economics and Belgrade Banking Economy. These lectures were attended both by students of Marketing, and their lecturers. The Marketing & Sales team continues to provide buyer contacts, and the Project organized a mission to Serbia by French buyers of organic products. The Project is also continuing to conduct relevant market research for targeted products and markets.

### **1.4 Youth Enterprise Program:**

The Project's Youth Director and Sector Leads reviewed the submitted Business Plans, and made a preliminary list of potential winners (out of 24 plans, 12 have qualified for further evaluation). The Project intends to issue a grant to the Junior Achievement Serbia (JAS) to introduce its programs in

25 specialized Agriculture high schools across Serbia, and to work on teacher involvement in the entrepreneurship curriculums. The JAS Concept Paper has been approved by the COTR, and the Grants, Procurement, and Environmental specialists will complete the grant awarding process in January 2010. In addition to continuing activities on the Internship Program among high school students, the Project plans to expand its focus to include university students. It was agreed with the PPES and JAS programs that the Project will become more actively involved in the process of selecting and preparing students and companies for participating in the Internship Program.

### **1.5 Other Cross Cutting Activities:**

**1.5.1 Environment:** Over the past quarter Project efforts related to the environment were focused on insuring environmental compliance on the part of activities and events implemented during the quarter, and insuring that they have no adverse impacts. The Agribusiness Project, and the Environmental Protection Agency of Serbia, have also initiated a program titled *Environmental Monitoring and Integrated Soil Fertility Management (EM&ISFM)* as a new environmental compliance activity. The main purpose of this activity is to present, in a simple understandable way, complex environmental systems to Project beneficiaries with the goal of developing effective and efficient agro-environmental options for environmental compliance. This has been achieved through three actions: a) Diagnosis of existing environmental problems with a prediction of environmental trends in agriculture; b) Setting specific goals for the quality of the environment and; c) Development of environmental strategies for soil quality conservation. Three major events for EM&ISFM were carried out this quarter. In addition to the Environmental Monitoring program, the Project started the Pesticide Safety & Environmental Education/Certification program.

**1.5.2 Women Entrepreneurs:** The Project partner Agropress submitted a grant application for continuation of the “Women Entrepreneurs in Agribusiness” program, where they propose to continue the training program in management and marketing skills, and to add training on financial management, labor & tax law, and networking. Within its year two training Agropress managed to involve 125 women, from 6 separate regions of Serbia. To measure success, Agropress conducted a random phone survey of 35 participants, and has reported a some initial impact on the business activities of the women involved. One woman acquired a new \$20,000 tractor for her onion production, while another formed an association for the promotion of cheeses from Southern Serbia.

### **Component 2: Improved Enabling Environment for Agribusiness**

#### **2.1 Improve Access to Market Information:**

During the quarter, experts from the ABDS provider “Agromreza” held six two-day educational seminars on the agricultural market information system, covering the basics of marketing of agricultural products, and the latest developments in agricultural markets. More than 150 farmers analyzed developments and trends in markets in the region, and in Serbia, based on the information available through STIPS. Also, farmers were trained in the use of information available through STIPS, including information type, structure, manner of accessing information, and the types of analyses possible based on information available. The ABDS provider “Radionica KRUG” also completed work on improving the software, and redesign of the website for the STIPS market information system. STIPS reporters from 18 extension offices (reporting centers for STIPS), the managing authorities for STIPS from the Ministry of Agriculture, and IPN, were all trained in the use of the new system, including data entry, and report generation based on the STIPS databases.

#### **2.2 Facilitate Legal & Regulatory Reform:**

Following the survey of Project clients regarding their plans to introduce international standards, the Project launched the second round Program of Support for Improvement of Food Safety & Quality Systems in December. The Program will contribute to the improvement of the quality and

competitiveness of the Serbian agricultural products, and thus facilitate their sales in both domestic and international markets. Funds from this Program will cover part of the costs of consulting and certification services for GlobalGAP, ISO 14001, ISO 22000, Organic, and IFS & BRC.

Regarding specific policy work, the Project assisted the Ministry of Agriculture with drafting answers to Australian questions received regarding Serbia’s accession to the World Trade Organization. The questions dealt primarily with domestic support programs and export subsidies in agriculture during the accession period, import licensing procedures, and technical regulations in agriculture. In addition, the project prepared information on the newly signed Memorandum on the Safety of Plant Products Exported from Serbia to Russia, outlining the requirements for export shipments of plant products with respect to levels of pesticides, nitrate, and nitrite residues.

**Component 3: Program Management & Administration**

**3.1 Agribusiness Grant Program:**

Revisions to the Grant Program were made based on the impact of the financial crises, and the unfavorable business environment for new investment. Accordingly, the Project will devote more resources to address these issues in the selected sub-sectors, and to develop the capacities of producer organizations and ABDS providers for delivering services to their members and clients. During the reporting period, the Project approved 23 investment incentive grants with a total grant amount of \$397,402. Based on these grants the grantees will invest \$714,828 to complete the planned activities. In addition to these 23 grants, an enabling grant concept paper with a budget of \$21,000 has received preliminary approval. Following this step the grantee submitted a full grant proposal in late December. To date, the Project has approved a total of 74 grants. Twenty grants have been successfully completed, with ten grants being completed during the reporting period.

**3.2 Project Communications & Media:**

The local Media are one of the key target groups for the Project’s Communication Strategy, and a continuous effort has been made over the past quarter to keep them informed of Project activities and results. The web site is also a key tool for informing the media, and the general public, on relevant forthcoming events (for example: the Fruit Logistica and Biofach international fairs, and the Rural Development Fair in Kragujevac), and ongoing Requests for Proposals (ie: the Program on International Quality and Safety Standards). During the quarter the website received 3,756 individual visits, with 2,074 (55%) being new visitors to the web site.

Due to the continuous and focused efforts invested in fostering good media relations,

<i>Print</i>	<i>TV</i>	<i>Internet</i>	<i>TOTAL</i>
<b>22</b>	<b>17</b>	<b>20</b>	<b>59</b>

the Project continued to receive extensive media coverage. The table above shows the number of times Project activities were reported on by the various types of media that are formally monitored. In addition to this media coverage, the Project organized four significant public events that attracted participation by Serbian government officials, and other important guests. These events were:

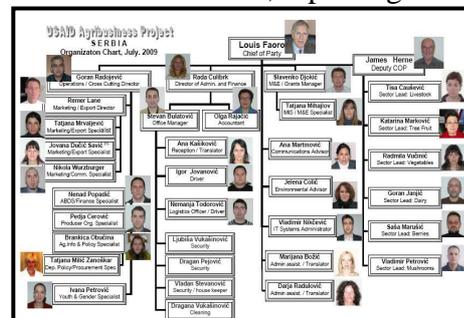
- The Award Ceremony for participants in the Business Skills Training Program
- The Opening of the national conference on the Status of the Environment in Serbia
- The Conference on Agribusiness in Serbia 2010, organized by AGROPRESS and MinAg
- The AGROPRESS Annual Cocktail, which represented their fifth anniversary celebration

In addition to the local press coverage, the Project’s support of client firms for their participation at the ANUGA Trade Fair in October was accompanied by an international press release issued by the Project to selected international media outlets.

**3.3 General Project Administration:**

During the first quarter of Year Three there have been a few changes in Project personnel. These changes have mainly been due to professional staff ending or starting maternity leaves. One position was eliminated from the Project (The Marketing/Communications Specialist) and Nikola Wurzburger’s employment contract was terminated at the end of the year. Mr. Milos Stojanovic was hired as a replacement Administrative Assistant for the Novi Sad office in November, replacing Ms. Darja Radulovic who is on an extended sick leave.

Ms. Jovana Ducic-Savic, who had been on maternity leave, re-joined the project at the start of November, and resumed her duties as the Marketing/Export Specialist. Ms. Danijela Server-Radovanovic joined the Project as the Communication Specialist, replacing Ana Martinovic who began her maternity leave in December. Ms. Ivana Petrovic (Youth & Gender) and Ms. Tisa Causevic (Livestock) also began their maternity leaves during the quarter, and their functions will be replaced during their leave periods through grants to partner organizations. At the start of Year Three the organizational chart for the Project was also revised, and a new organizational chart was included in the Year Three Workplan. A small image of the revised organizational chart is shown above, and to the right, on this page.



The Project has continued to make good use of both expatriate and Serbian consultants, with a total of five expatriate STTA assignments having been completed during the quarter. Over the course of Year Three the Project expects to increase the use of Serbian consultants, and to gradually reduce the use of expatriate consultants, as part of the effort to foster local service provider capabilities.

**III. SIGNIFICANT PROBLEMS ENCOUNTERED DURING THE PERIOD:**

The quarter revealed an emerging and potentially serious problem which needs to be analyzed. The financial crisis has brought increasing unemployment which is likely to affect the agriculture sector. This will impact the Project’s ability to generate employment, and could affect even seasonal jobs. Also a dramatic increase in unemployment ultimately will have an impact on the entire agricultural sector, by producing decreased demand and a gravitation by consumers to lower cost products.

The pace of implementation of the grant program has raised concerns about the ability to expend the grant budget in a timely manner. Grant operations have proven labor-intensive, and grant awards have taken more time than anticipated. Plans to launch a seventh sub-sector with grape production and processing proved impractical, and have been abandoned. In large part, this was due to the failure of a major donor/cooperator to make a firm commitment to a partnership in this program.

A serious problem encountered toward the end of the period was the recognition that the Ministry of Agriculture has neither mustered the resources, nor has developed a strategy, for dealing with the massive task of training farmers in safe pesticide use. The Project has developed trainers for this purpose, and has taken the lead in highlighting and addressing the problem. The ministry has not followed the Project lead, and the passage of time makes the problem more difficult to address.

The traditional attitudes of Serbian agricultural producers are increasingly in conflict with the market realities of today. As EU accession unfolds, and competition increases, there is decreasing tolerance on the part of farmers for the vagaries of the market and they expect the government to subsidize and/or support their production. This seems true, even in the face of hard data showing, in a number of cases, that Serbian farmers expect prices for their agriculture products which bear no relationship to current prices established on world markets.

**IV. ACTIONS TAKEN TO RESOLVE PROBLEMS ENCOUNTERED:**

The project will monitor the unemployment situation, and will conduct a study that will shed light on this phenomenon. Program policies will emanate from this work. In addition, an emphasis on identifying niche markets, and accentuating exports, will continue in full measure.

Project management is undertaking a review of the grant program policies and procedures, with the goal of developing more efficient procedures and approaches. Maintaining a robust grant program, while adhering to government regulations is the central issue in this dilemma.

The project is taking the lead on keeping the issue of safe pesticide use training before the ministry. An appropriate strategy for meeting the massive demand for this training is under preparation. In recognition of the importance of this problem the Project will raise it at the ministerial level in the coming quarter, and will offer assistance to organize for, and address, this requirement.

To ensure a better understanding of market realities, and of the implications of liberalized trade and EU accession, the Project will carry out sector studies in areas that are particularly affected and will disseminate critical information through various means. Already the Project has noted the need for such initiatives in the blueberry, vegetable, sour cherry, and apple sub-sectors.

Addressing and confronting archaic attitudes about market forces is a challenge for the Project. The studies cited above will form part of this response. In addition, the Project will undertake a serious study of the practical implications of liberalization and EU accession. The data unearthed will be useful in facilitating a transition from traditional attitudes to a recognition of market forces.

**V. IMPORTANT OBSERVATIONS REGARDING IMPLEMENTATION:**

Given the increasing problems that affect agriculture along the entire value chain, implementing activities and achieving Project objectives will increase in difficulty. It is important that the Project has developed a close and productive relationship with the ministry, and its various technical components. This will prove immensely useful as we approach the problems outlined above.

In development work the most difficult task always is changing attitudes. The Project confronts this issue directly as it seeks to assist farmers make the intellectual transition from the comfort of the shield inherent in central planning, to the harsh realities of western market forces. The Project suffers no illusions about the difficulty faced in bringing this transition about.

The Project intends to build upon its successes in attracting cooperation and coordination with other donors and projects. While engaging in these relationships necessarily requires some risk and expenditure of time, the Project clearly has benefitted from it. We will seek new partnerships with proven cooperators such as USDA, MEGA, PPES, GTZ, the Danish, and AgroPress.

Prior quarter results suggest that the Project is making progress in the quest to substantively engage universities and ag schools in program implementation. Program interactions in this regards are increasing, and the anticipation is that this will reward Project management in the long run with broader program reach, fuller local participation, and greater media awareness and public outreach.

New and innovative approaches to managing the Livestock and Youth & Gender programs, and Marketing & Sales component, has led to a management view that in these areas more implementation can be achieved with fewer direct Project resources. Some of the new approaches will serve as experiments for potential future management innovations in other program areas.

Project management is fully aware of the importance of U.S. public outreach, not only in the agricultural sector, but to the broader development interests of the Mission. The Project will continue cultivating media sources and obtaining positive exposure. At this point the Project is confident that this program component can and will be expanded over time.

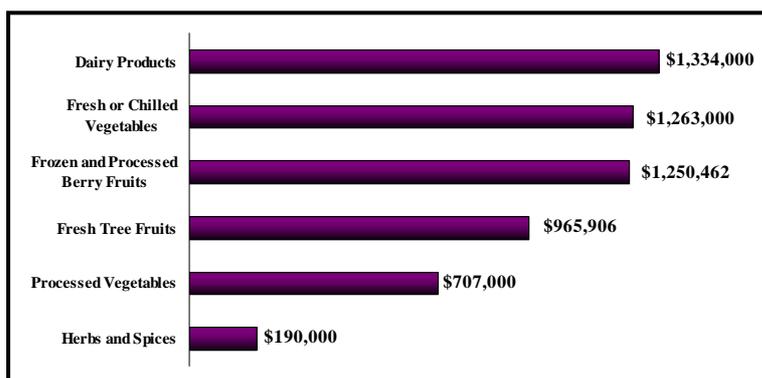
**VI. RESULTS ACHIEVED RELATIVE TO ANNUAL WORKPLAN TARGETS:**

As is the case for the quarterly impact surveys, the Sector Leads conducted phone interviews with selected clients to collect impact information regarding sales, employment, and other potential Project impacts. A total of 67 client firms received assistance this quarter; 57 agriculture-related firms, 7 producer organizations, and 3 ABDS providers. To date, a total of 352 clients have been registered in the TAMIS system, 291 clients are active, and 153 MoU's have been signed.

A total of 42 agribusinesses (2 producer organizations, 2 ABDS providers, and 38 agriculture-related firms) reported sales results directly attributable to Project assistance this quarter:

Sales Contracted	Sales Delivered	Sales Under Negotiation
<b>\$9,024,368</b>	<b>\$5,710,368</b>	<b>\$8,252,500</b>

A total of 48.2% of the contracted sales, and 51.9% of the delivered sales, were for the export of Serbian food products. Exports to Europe and Russia accounted for over 83% of the total delivered sales. Based on this data, the Agribusiness Project is nearly half way to the Year Three target for Performance Indicator No 4 (dollar value change in agricultural product sales), which is \$12M. The chart at the right shows the sales reported this past quarter by sector. Cumulatively, the Project is more than 2/3 of the way to the Life-of-Project target for this indicator – which is \$72M in sales.



Client organizations reported a total of only three new jobs as being created this quarter, and all of these were full time jobs. The few jobs created during this reporting period is not a great concern, as the main growing season has been completed.

**VII. ACTIVITIES PLANNED FOR THE COMING PERIOD:**

Project management and staff will continue to focus on implementing activities as laid out in the Year Three Workplan, and on continuing to develop new Project initiatives based on changed circumstances and the ongoing evolution of the agribusiness environment in Serbia. The main focus of Project activities for the coming quarter will include the following:

- Finalize, and implement, the plan for the expansion of Project activities in southern Serbia.
- Successfully implement the FruitLogistica and Biofach trade fairs using the new methodology.
- Finalize the Value Chain Assessment of the wine grape sector, and distribute it widely.
- Continue to emphasize the importance of the Communication function, and expand coverage.
- Finalize grants to Junior Achievement and Agrar Kontakt for the Youth & Livestock programs.
- Select the new Youth Business Plan winners, and finalize the grants to them for their projects.
- Provide support to the newly formed associations so they are firmly established in the quarter.

In addition to these efforts, the Project will continue ongoing support for client firms and the sectors that the Project supports, as well as continued support for international fairs and trade events.



**USAID Serbia  
Agribusiness  
Project**



# **USAID Serbia Agribusiness Project**

## **Quarterly Report - Annexes**

**October 1, 2009 – December 31, 2009**

**Contract no.:** EDH-I-00-05-00004-00/09  
**USAID Agribusiness Project**

**RFTOP No.:** 169-07-016 under the RAISE Plus IQC

**Contractor:** Development Alternatives, Inc.

**Report Author:** Chief of Party, Louis Faoro

**Project COTR:** Djordje Boljanovic

**USAID Office:** USAID Belgrade, Serbia

Belgrade, Serbia  
January 2010

# **USAID Serbia Agribusiness Project**

## **Quarterly Report - Annexes**

**October 1, 2009 – December 31, 2009**

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- Annex 2. Sub-Sector Activity Reports**
- Annex 3. Cross Cutting Activity Reports**
- Annex 4. Enabling Environment Report**
- Annex 5. Grant Program Report**
- Annex 6. Communications Report**
- Annex 7. Administration & Personnel**
- Annex 8. Project Impact Report**
- Annex 9. Project Weekly Reports**

# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

October 1, 2009 – December 31, 2009

Annex 2 - Sub-Sector Activity Reports:

Berry Fruit

Dairy Products

Livestock

Herbs & Mushrooms

Tree Fruit

Vegetables

# **BERRY FRUIT – Quarterly Report**

October 1 – December 31, 2009

## **1.0 Introduction and Overview**

Over the course of the first quarter of Year Three the USAID Agribusiness Project continued to support the berry fruit industry in two main directions: establishment of fresh berries sub-industry and improving the competitiveness of value-added processed berries, both aimed at increasing value of berry product sales and exports, and the creation of new employment. The main focus in the reporting period was put on activities that are leading to improved knowledge on available new technologies, access to markets and strengthening Producer Organizations. Presentations of Ozone generators, exhibition of berry-fruit products at the Anuga fair, and support for the establishment of the national blueberry growers association “Serbian Blueberry” are the highlights of the berry fruit sector during the quarter. Besides these, the implementation of a range of cross-cutting and sector-specific technical assistance and grant programs, such as training programs for cooperative managers, marketing and promotional grants, as well as grants for the application of international standards, have been started, and/or continued during the past three months. Even though the global crisis has negatively affected the Serbian berry industry and has led to limited operations and even bankruptcy of some stakeholders, client interest in participating in activities designed and offered by the Project continues to be strong.

The cooperation of the berry fruit sector with other programs in Serbia, and in the region, has been further advanced. The Project has worked closely with IOM in Serbia, and with the Farma project from Bosnia, while at the RCI workshop held in Skopje the Sector Lead presented the Project’s achievements in advancing fresh berries sales.

The reporting period may also be characterized by planning and designing specific activities that will take place during quarters two and three, such as STTAs to support cranberry production and high-tunnel raspberry production in Serbia, and a study tour to Spain. All of these activities will serve not only as educational tools for the producers, but will also enable a know-how transfer from foreign to Serbian ABDS providers and will help future exporters establish links with potential buyers and input suppliers.

### **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. The Project is planning the provision of this TA over the winter-spring months of 2010, and it will include hiring an expatriate consultant, and printing out a manual on high-tunnel production of berries. To ensure a know-how transfer, and a smooth provision of TA adjusted to Serbian conditions, the expatriate consultant will be assisted by a Serbian counterpart as well. The Berry Fruit Sector Lead has developed the SOW for this STTA – High-Tunnel Raspberry Production Consultant, and based on inputs received from the DCOP, the IRD HO, and Mr. Marvin P. Pritts, professor and Chairman of Department of Horticulture at Cornell University, revised it so

that it now includes the translation into Serbian of a manual on High-Tunnel Berry Production already developed, and available, from Cornell University. The Project is now in the final stages of selecting/contracting the best candidate for the assignment and obtaining the necessary authorization for the translation from the Cornell University.

#### **1.1.1.2: TA for Grantees Adopting New Technologies**

As explained in paragraph 1.5.1, as a result of negative impacts of the global crisis on the sector and its limited access to loan financing, grants for Project client firms have become a more important tool for the introduction and application of new technologies in Serbia. For this reason the Berry Fruit Sector Lead and responsible Project staff have reviewed limitations and are currently jointly developing a grants scheme that would include Project funding, as well as financial assistance from third parties where available. The Project has available a set of technical assistance that would enable the grantees to fully benefit from improved production/processing means, and advanced knowledge and skills. Once the grants for adoption of new technologies are operational, the Berry Fruit Sector Lead will begin planning and delivery of tailored technical assistance to the grantees.

### **1.1.2 Assist Producers to Diversify Their Production**

#### **1.1.2.1: Training of Trainers – Blueberry Production**

Over the past several years the most important problems that blueberry growers in Serbia had to deal with were related to the establishment of blueberry fields, and the application of proper production technology. In 2009 the strongest obstacle to the development of blueberry production became product marketing. As both the Project, and sector stakeholders, became fully aware of this new challenge, Project assistance will transition from blueberry production, to product marketing and promotion. The Berry Fruit Sector Lead, and relevant project staff, have already presented to sector stakeholders market trends and the available options for speeding up the sales and consumption of blueberries, and started provision of advisory assistance and the facilitation of development of action plans that will yield specific activities and project proposals for solving this issue before the next harvest. One of the strongest assets for promoting blueberries, and strengthening local and export sales, will be the newly-established national association “Serbian Blueberries”, which is expected to lead blueberry production and marketing activities in Serbia.

#### **1.1.2.2: TA for Producers Establishing Cranberry Fields**

Based on the cranberry consultant’s findings and recommendations from his assignment during Year Two (Aug/Sep ’09), the Project is continuing support to interested cranberry producers, and potential ABDS providers, to help them introduce the crop and develop their production capabilities. The main component of the assistance is an extensive technical training and advisory program for cranberry growers. The Berry Fruit Sector Lead has prepared a SOW for an STTA – Cranberry Production Development Consultant. The assignment consists of three phases: guidebook preparation, field advisory services, and a training program for cranberry producers and ABDS providers in Serbia. The Project is currently identifying the best available candidates for this assignment, which is scheduled to be conducted between January and April 2010.

### **1.1.3 Improve Management at Producer Organizations**

#### **1.1.3.1: Management Training for Producer Organizations**

In addition to the businesses training program offered to any type of business entity, the Project has developed a training program specifically targeting producer organizations – primarily market

oriented cooperatives. The program is managed by the Producer Organization Specialist and its main topic is capacity building and training for cooperative managers in overall management of a Producer Organization, financial management and strategic planning, and marketing. The Berry Fruit Sector Lead is working closely with the PO Specialist to increase the awareness of potential applicants and is advising them on how to apply. During the first quarter at least three cooperatives specializing in berry fruits have prepared and submitted their applications for the program that will enable them to improve their overall performance through organizing supplies and sales as well as improve other services offered to its members. *(For more detail please see the Producer Organizations section of the report).*

#### **1.1.3.2: Support for the National Blueberry Association**

As a result of the technical assistance delivered to date by the Project, which includes training and advisory programs, networking and facilitation, and a strategic planning meeting held in October, a blueberry growers' and ABDS providers' initiative to establish a national umbrella organization has been materialized in late December 2009. At the premises of the Fruit Research Institute in Cacak the Project team – the Producer Organization Specialist, and the Berry Fruit Sector Lead, organized a workshop that was attended by over 30 representatives of Producer Organizations, input suppliers, extension-service providers and growers from throughout Serbia. During the first part of the event two advisors hired by the Project explained to attendees all changes and legal and financial aspects of running an association in accordance to recently passed new Law on associations. In the second part of the event most of the attendees voted for the establishment of the association and conducted a foundation assembly meeting during which they became its founders.

The newly-established association's name is national blueberry growers association *Serbian Blueberry*. Among its 20 founding members are representatives of various stakeholders in the blueberry value chain, including firms, cooperatives, associations and individual commercial growers. Project staff, and the advisors, assisted the founders in developing the association's by-laws and other foundation documents, as well facilitating the election of its governing bodies – managing board, and president. The association's primary goals are support for the development of blueberry production, processing and marketing, strengthening the competitiveness of this business in Serbia, and lobbying for member interests. The Project will continue the provision of technical assistance to the Serbian Blueberry association, initially through the process of official registration and strategic planning, and then in implementing their planned activities which are aimed at strengthening the association, and establishing the delivery of needed services to its members, such as product promotion and marketing. *(For more detail please see the Producer Organizations section of the report).*

#### **1.1.4 Support for the International Standards Program**

##### **1.1.4.1: Support Intl Standards for Fresh Berries**

##### **1.1.4.2: Support for Other International Standards**

To improve their overall competitiveness, their product quality, and to gain access to new markets, the Project is continuing its support to growth-oriented Producer Organizations and companies which are in the process of implementing various international standards. Through a project-wide program launched in December 2009, the Project is covering up to 50% of consulting service costs, as well as up to 70% of the cost of certification, for required international standards. The Berry Fruit Sector Lead works closely with the Ag Info and Policy Specialist, and the berry industry, to increase awareness of the program, and help interested clients in properly applying for certification grants. Although the global financial crisis has hit this sector significantly, and most clients have

reduced their investments and focused on the most vital activities, the interest among the berry fruit sector in this program is significant. It is anticipated that through this activity at least two berry fruit sector clients will make advances towards the fresh market by successfully receiving GlobalGAP certification, while another three will apply for, and become certified in, the ISO 14001, ISO 22000, Organic, BRC or IFS standards. The standards adopted by these clients will enable them to become more competitive, and to meet requirements needed for establishing sales in new international markets and/or market niches. *(For more detail please see the Ag Info & Policy section of the report).*

## **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 the reporting period, Project staff have completed several activities which are aimed at improving client knowledge on various options that can be used to maintain the cold chain, as well as linking them with potential suppliers. After a series of presentations of Ozone generators, the project team visited the Trimo Company in Belgrade which specializes in construction & insulation material production and input/service supply. Having a number of clients dealing with fruits & vegetables, Trimo intends to develop and offer standardized cold-store capacities that would serve most of the needs for freezing and processing F&V at more competitive prices. The Berry Fruit Sector Lead, and the ABDS & Finance Specialist, provided Trimo management with detailed information regarding the industries' characteristics and needs, advised them on the typical types and sizes of facilities needed, and provided contacts for relevant businesses, Producer Organizations and GoS officials. The Project team also presented business opportunities related to the application of Ozone generators in Serbia, and advised them to add this service to their portfolio through establishing cooperation with the producer of this innovative technology for extending shelf-life of fresh fruits and vegetables.

In addition, to increase client awareness, the Project organized several events with representatives of Lagermax, a Belgrade-based company specializing in logistics services, where they presented to the food industry the range of services they provide, including consolidation services which are often a necessary step to successfully supply export markets. The newest service recently introduced by Lagermax, with Project assistance – consolidation services for fresh fruits – has attracted a lot of potential customers who learned about available options and associated costs. *(For more detail please see the paragraph below and ABDS section of the report).*

#### **1.2.1.2: Foster Partnerships for Input Supply to Producers**

The Project continued assistance to the berry industry to establish partnership relations with foreign companies which are aimed at improving input supply, and/or the availability of relevant sector-specific services in Serbia. In early December 2009, the Project organized a visit to Serbia for Mr. Jonathan Caisley, director of Biofresh Company, UK and a series of presentations of their newest product – Ozone generators. This innovative technology is an effective and cost-efficient tool in extending shelf-life of fresh fruits & vegetables. Ozone reduces fruit spoilage, helps in maintaining fruit firmness, and is efficient in cleansing the warehouse environment, and thus it helps in reducing overall losses and improving the quality and profitability of fresh products. The presentations were conducted in Uzice and Valjevo at the premises of the respective Regional Chambers of Commerce, and in Belgrade. A total of 62 participants attended the presentations. Besides representatives of private companies, Producer Organizations, ABDS providers dealing with fresh fruits & vegetables, officials from the Serbia Ministry of Agriculture, as well as representatives of USAID-funded

agribusiness projects in Bosnia and Kosovo attended the events as well. All of the participants showed significant interest in learning more about, and in applying this technology in Serbia. To assist that process, it was agreed with Biofresh that the Agribusiness Project will facilitate the application of the Ozone generators in Serbia and, where necessary, help interested parties in arranging trial use and/or demonstrations.

### **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. However, he has worked together with the ABDS & Finance Specialist in planning support and facilitating clients' access to credit and finance on an as-needed basis. *(For more detail please see the ABDS section of the report).*

## **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 the reporting period the Project funded exhibitions by 25 of its clients at Europe's No. 1 food fair – the Anuga trade fair, that took place from October 8 thru Oct 15, 2009 in Cologne, Germany. At the 98m<sup>2</sup> booth located in the Frozen Food hall, a total of 14 companies gathered around the Fruits of Serbia and Arilje SME associations exhibited their products – frozen fruits, vegetables and mushrooms. An additional 11 processors exhibited their value-added products at the Project-funded booth in the Fine Foods hall.

Prior to attending the fair, all participants received training and technical assistance to insure they were well prepared, and that their exhibits and the negotiations conducted at the fair would be successful. During the fair the exhibitors met with hundreds of current and potential buyers – brokers, distributors, processors and retail chains – to discuss and negotiate supplies during the upcoming 2010 season. At the booth, which was crowded almost all the time, the Sector Lead hosted interested stakeholders, facilitated business meetings and linkages, and assisted in the promotion of Serbian frozen food at the fair. As result of Project assistance, a total of \$3.14M in new sales of frozen foods were contracted, and a further \$6.95M are under negotiation. As a follow up to the successful exhibition at the Anuga fair, upon return to Serbia the Sector Lead forwarded contact information for potential buyers met at the fair to clients from the fruit, vegetables and dairy sectors as well as provided additional information to potential buyers from Austria, USA and UK who showed significant interest in purchasing berry fruits from Serbia. *(For more detail please see the Marketing & Sales section of the report).*

### **1.3.2 Assist Clients to Undertake Trade Missions**

The Berry Fruit Sector Lead has not planned any specific activities related to assisting clients with trade missions, other than the one to Spain which is explained in the following paragraph.

#### **1.3.2.1: Sales Exchange Mission to Spain (Huleva Province)**

The Project will co-fund a know-how exchange mission to the province of Huelva in Spain, which is known worldwide for its strawberry and early raspberry production for the fresh market, 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 planned and will be undertaken in close cooperation with the UK-based nursery Hargreaves

Plants, the main supplier of planting material for the Spanish producers, and in coordination with World Learning. Approximately ten representatives of raspberry producers and ABDS providers will take part in this activity. In addition, a TV crew will participate, and prepare an educational program on poly-tunnel raspberry production that will be broadcasted on the national TV channel B-92. The study tour will enable Serbian raspberry growers and ABDS providers to learn about establishment and management of raspberry production at poly-tunnels, and thus the extend production season and the assortment of berries for fresh market.

Together with the DCOP the Sector Lead met with representatives of World Learning in Belgrade and reviewed the required procedures and documentation regarding the organization of study tours for berry fruit sector clients during Year Three. To insure that the needed documentation is prepared on a timely basis, and to obtain the necessary approvals, the Sector Lead began preparation of the Study tour and developed a draft Activity Overview, including selection criteria and an initial proposal for participants. In order to enable the participants to learn about early production under high tunnels, and allow them some time for applying new knowledge in Serbia, after consultations with Hargreaves Plants, the activity has been postponed for April/May 2010.

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

No particular activities related to Sales Trade Mission to Italy have been planned for the reporting period. As this activity will be implemented in summer 2010, the sector lead will began specific preparations in February/March 2010.

#### **1.3.2.3: Market Research and Studies for Berries**

During the reporting period the sector lead has reviewed needs for market research with individual clients and representatives of national Producer Organizations, but still 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 work-plan 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**

No specific activities were planned for the reporting period because this activity is scheduled for period March to September 2010.

#### **1.3.3.2: Support Development of Fruits of Serbia Association**

The activity is scheduled to take place between January and August of 2010 and therefore no specific activities were planned for the reporting period.

### **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 visited Belgrade University – Faculty of Agriculture in December and met with professors Mihailo Nikolic and Jasminka Milivojevic, both specializing in and teaching berry fruits. It was agreed that the University experts will provide their inputs and recommend topics that would need to be explained in greater detail in two manuals that the Project intends to produce for Cranberry Production and High-tunnel Raspberry Production. They confirmed that for

University students it will be more than useful to have an opportunity to attend a lecture that will be delivered by US-based experts hired by the Project; the agenda and timing will need to fit well into the Ag Faculty curriculum. As there is a lack of private ABDS providers, to the extent possible the Project will continue using University's experts in providing future technical assistance to the berry fruit industry.

In addition, the sector lead reviewed 6 project proposals received through Youth business plans competition program that pertain to the berry fruit production and/or processing, and submitted his findings and recommendations to the Cross-cutting Director.

## **1.5: Support Cross-Cutting Functions**

### **1.5.1 Support the Project Grant Program**

#### **1.5.1.1: New Technology Grants for Berry Production**

#### **1.5.1.2: New Technology Grants for Processed Berries**

There are many individual companies in the berry fruit sector that are participants in Agribusiness Project grant programs. The Berry Fruit Sector Lead continued providing 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 also supported the overall objectives of the grant program, and encourages and supports sector clients to respond to grant programs as appropriate. Due to negative impacts of the global crisis on the sector and the limited access to loan financing, both grants in fresh berries and in higher value-added products development have become even more vital tool for introduction and application of new technologies in Serbia. For this reason the berry fruit sector lead and responsible Project staff have reviewed limitations and are currently jointly developing a grants scheme that would include the Project's funding as well as financial assistance from third parties where available.

### **1.5.2 Support Policy Reform Efforts**

As of December 2008 Serbia participates in the OECD Scheme for the application of international standards for fruit and vegetables. Based on the Food safety law, new regulations on quality of fruits and vegetables will be developed, which should also be harmonized with the standards from the scheme. To provide for proper application of these new regulations, the Ministry of Agriculture plans to organize trainings and practical exercises for inspectors, farmers and agribusinesses regarding marketing standards of fruits and vegetables. At the meeting held in early December between the Project and the relevant Ministry staff it was agreed that the Project will assist in organizing those training sessions and in increasing participation of businesses.

In order to facilitate preparation of a Decree governing subsidies for fruit planting material and inclusion of cranberries in the decree, the Project supplied relevant staff from the Ministry with brochures and other materials developed with the Project's assistance that contains information on features of cranberry production.

#### **1.5.2.1: Training on the Impact of UPOV Membership**

Training on the Impact of UPOV Membership was tentatively planned for late fall 2009 or spring 2010, and it will be implemented in close relation to Serbia's expected official joining to UPOV. If necessary, the activity will be postponed so as to coincide with – be implemented prior to or right after it.

**1.5.2.2: Support GlobalGAP Adoption by Berry Producers**

**1.5.2.2: Support Other Standards for Fresh Berries**

*(For more detail please see the paragraph No. 1.1.4 above and Ag Info & Policy section of the report).*

**Other:**

- The Project staff - Senior Policy Advisor and Berry Fruit Sector Lead participated in the 6<sup>th</sup> RCI Agribusiness Workshop that took place in Skopje, Macedonia on November 10, 2009. More than 30 experts representing the USAID missions and Agribusiness Projects from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Bulgaria and Serbia, along with the Intercooperation Project Manager in Kosovo, EU projects specialist from Bulgaria and a specialist in rural areas development from UNDP Serbia attended the round table. The workshop discussions covered four main general topics – Regional market information systems in agriculture, Preparation for EU accession, Enhancing joint regional exports, and Information exchange. The Agribusiness Project's Senior Policy Advisor presented the Serbian experience with regard to the development and operation of the market information system in agriculture in Serbia, along with conclusions from the Study on the Impact of Global Economic Crisis to Serbian Agribusiness on how to mitigate the negative effects of the crisis. The Berry Fruit Sector Lead presented the Project's strategy and activities done so far to enhance exports of Serbian fresh berries, as well as the Project's plans in this regard. In addition, representatives of the Project also took part in the discussions, sharing valuable ideas and practical experience. Specific steps to link businesses from Serbia and Kosovo as well as participation in presentations of new technologies were agreed by the Project staff with counterparts from Kosovo and Bosnia.
- The Project met several times and did a few field visits together with IOM staff in order to assess room for providing technical assistance to IOM's grantees that have potential to improve their agriculture-related businesses through joining resources in a cooperative and/or association. Together with IOM staff from Kraljevo and Novi Sad offices, the berry fruit and vegetables sector leads visited selected POs in Cacak and Novi Sad regions and assessed their capacities to absorb new members—IOM grantees and contribute to further development of their vegetable and fruit production. Based on findings from field visits the two parties are currently planning grants from IOM and TA assistance from the Project that would jointly upgrade the performance of selected clients in Western Serbia and Vojvodina.

# DAIRY PRODUCTS – Quarterly Report

October 1, 2009 – December 31, 2009

## Component 1: Increased Efficiency & Competitiveness of Agribusiness

### I. Introduction & Summary

Over the course of the quarter, the Agribusiness Project implemented and/or coordinated a range of dairy sector and cross cutting activities and events related to the Year Three Work plan which supports the objective of increasing the efficiency and competitiveness of Serbian Agribusinesses. The main activities, however, were related to completion of activities from previous period; grant projects, standard implementation in dairy companies and technical assistance. In addition, the Agribusiness Project was active in developing dairy strategy for less developed South Serbian region and exercising new technologies workshops and assistance to the dairy clients in coordination with USDA.

During the period, the Velickovic Dairy from Surdulica received the ISO 22000 standard, the “Fostering Innovation and Quality” Dairy Grant was completed resulting in \$316,357 in increased sales, five dairies were approved for Marketing grants, the Veterinary Department from the Ministry of Agriculture adopted a new veterinary certificate for Dairy exports to the US, which was developed in coordination with the Agribusiness Project and the USDA office in Belgrade, and two youth dairy grants were shortlisted. The following sections of this report will highlight the most important activities for dairy sub-sector.

### II. Activities Planned & Implemented During the Period

#### *Component 1: Increased Efficiency & Competitiveness of Agribusiness*

Dairy Products – The First Quarter of Year Three of the Agribusiness Project was dedicated to completion of major initiatives carried over from Year Two.

- The “Fostering Innovation and Quality” Dairy Grant was completed. This “one time” grant program assisted dairy companies, commercial farmers, and ABDS providers to acknowledge profit and quality methodologies, vital for transitioning to EU standards and requirements. The participating ABDS providers were actively involved in the preparation of modules, practical trainings, and on-farm assistance, as well as the project seminars.

In total, 294 dairy farms, 6 ABDS providers, 3 Centers for Rural Development of the Ministry of Agriculture, 2 Producer Organizations, and 9 dairies participated in different stages of program implementation. Apart from staging the methodology for dairies, ABDS providers, and farmers in line with EU standards and requirements for a competitive dairy industry, the Project contributed with \$316,357 of increased sales.

The Agribusiness Project achieved the grant goal of delivering “know how”, and concrete field results from implementing the standards and procedures, obligatory for dairies and farmers facing free dairy competition and markets in near future. The Agribusiness Project contributed by staging the proper scene, while dairies will be responsible for implementation of tailor-made “milk quality standards” methodologies. The Project followed up the grant results where Sabac, Mladost, Kuc and Imlek dairy showed interest to apply the concrete knowledge and methodologies. Local Economic Offices and Municipal Funds showed interest for the model, the Project will stage presentation to these stakeholders, who will be able to support local dairy stakeholders in January-February 2010.

- In late December 2009, the USAID office M/CIO/BCCS completed the ADS Chapter 548 review and provided its concurrence on the procurement for the Dairy Companies Management Software which will allow the Agribusiness Project to provide the needed assistance to four dairies in the implementation of specialized IT software to increase the efficiency of their milk supply logistics. The implementation of the project activity will start in January 2010.
- The Agribusiness Project and the USDA office in Belgrade cooperated with Sabac Dairy to get them a certificate for dairy exports to the USA. As a result of the cooperation between USDA and the Agribusiness Project, the Veterinary Department in the Ministry of Agriculture adopted a new certificate applicable for the USA market. What remains as a limiting factor is that the Ministry of Agriculture approved only 6,000 lit/day out from 220,000 lit/day, as a result of milk quality standards.
- The Agribusiness Project coordinated with the USDA for the introduction of new technologies for Dairy and Livestock Stakeholders by staging a workshop for primary clients. The US based GHD Company, and Iowa State University, presented competitive waste management and biogas solutions, attracting the attention of a dozen dairy and livestock companies. Being a new technology, the Agribusiness Project agreed with the USDA to provide technical assistance to a number of interested companies in developing Feasibility Studies for Waste Management and Biogas generation. The first Study will be completed for the Lazar Dairy in Blace, which is spending \$40-50,000 annually on energy, while the implementation of biogas solutions from his farm waste might payoff the investment in three years.
- The Velickovic Dairy from Surdulica successfully implemented the ISO 22000 standard as a result of Agribusiness Project grant support. This is the very first dairy in the South of Serbia which has acquired this respective certificate.
- The Kuc and Mladost Dairies from Kragujevac, the Zlatibor Dairy and Vihor Dairy from Vranje, and the Nis Dairy were all provided support via the award of Marketing Grants. As a result, the Nis Dairy has developed a promotion campaign for a new dairy product – a UHT milk product aimed at school children. The preliminary results from the implementation of the campaign this quarter shows a sales result of \$68,000. Other grants are in progress.
- The Dairy Sector Lead and the Youth Manager concurred on short listing two youth grants which are to result in developing mini plants for local dairy specialty products in Zrenjanin and Sombor.

### **III. Significant Problems Encountered During the Period**

Remaining activities from the previous period and ongoing cross cutting efforts, along with availability requirements for STTA consultants were primary reasons for slowing down the process of implementation of Year Three Dairy Plan. Significant efforts were given to develop a South Serbia strategy as one of the new milestones in the project, which resulted in developing the framework for two projects for the protection of geographic designation (Pilot and Svrlijig cheeses) in cooperation with Pilot Municipality and Svrlijig Dairy. Lazar dairy STTA for Waste Management and Biogas, as well as, Velickovic Dairy ISO 22000 certification and Vihor Dairy Marketing grant are being primary indicators of good results of dairy sector in the South of Serbia. Significant time was dedicated to communication with dairy stakeholders related to adjustment of the activities focusing on broader spectrum of activities relative to quality requirements of the milk supply.

### **IV. Actions Taken to Resolve Problems Encountered**

Encountered problems have been part of regular activities; most of the above mentioned activities were part of interventions scheduled for Year Three Work Plan and will reflect in activities in Quarter Two. STTA SOWs for the protection of geographic designation for Pilot and Svrlijig cheeses were developed, and will be approved in January 2010, as well as, STTA consultants for Specialized Training for AI Service Providers,

Mastitis prevention, and Linear Scoring. Practically, delays resulted from multiple activities in late 2009, will be reflected through busy Quarter Two activities in the field.

## **V. Important Observations Regarding Implementation**

Important Observations Regarding Implementations were related to a shift from direct assistance on dairy farms towards systematic support to dairy companies to apply acquired knowledge from Fostering Innovation and Quality Grant. Increasing competitiveness on the dairy level, introduction of new products and technologies, as well as, developing the communication media through industry representative organization and activities related to EU transition for dairy industry are milestones which will be primary focus in following months. However, certain sensitive activities like Mastitis Prevention Programs and Genetic Improvement Programs will remain somehow between dairy companies, farmers and policy makers and cannot be neglected for future USAID Agribusiness Project Intervention. Clear division of activities is possible with development of sectors representative farmers, dairy companies and ABDS companies' organizations, respectively.

## **VI. Results Achieved Relative to Annual Workplan Targets**

The Annual Dairy Work Plan includes workshops and seminars in the winter period, primarily related to Specialized Certificate Trainings on Artificial Insemination, Mastitis Prevention, Linear Scoring and Hoof Treatment. They have been moved to the next Quarter as a result of ongoing activities, and the focus on the South Serbia Strategy implementation. Most of the STTA consultants will be selected in January 2010 while concrete implementation of activities will be scheduled for the remainder of Quarter Two. Market Access, Policy and New Technologies activities are considered year round activities and are performed constantly.

Progress report relative to activities in the work plan:

1.1.3 Improve Farm Level Productivity and Quality was closely related to implementation of “Fostering Innovation and Quality” Dairy Grant. Companies which will take the ownership of the methodologies are recognized and will be logistically supported to extend the outreach, while main responsibility will remain with the companies. Separately, the Agribusiness Project will give grant methodology and result presentation to LED within MEGA Municipalities aiming at motivating them to implement local dairy support plans.

1.1.2.1: Implement Mastitis Prevention Program, 1.1.2.2: Implement Dairy Hoof Treatment Program and 1.1.2.3: Dairy Farm Management Workshops – pending feedback from dairy companies which are interested in participating. Upon reaching consensus on the level of participation, activities will be implemented in Quarter Two.

1.1.3 Support Development of Dairy Processors Association, 1.1.3.1: Ongoing TA/Training for Association Development and 1.1.3.2: Capacity Building Grant for Dairy Association – Workshop will be implemented in Quarter Two when is expected registration of Industry Association

1.1.4 Support for the International Standards Program - 1.1.4.1: Support Dairies in GlobalGAP/ISO Program – initiated at the end of Quarter One completion of call in March 2010

1.1.4.2: Assist Dairies to Achieve Halal Certification- pending Sales and Marketing support to local Halal Agency to acquire internationally recognized Halal certificate

1.2.1.1: Dairy ABDS Tour to the Czech Republic - planned for Quarter Three

1.2.1.2: Implement Linear Scoring Training Program, 1.2.1.3: Specialized Training for AI Service Providers and 1.2.1.4: Improve Dairy Genetic Service Delivery – Consultants SOW developed, administrative procedure ongoing, subject of implementation in Quarter Two

Other activities are a joint effort with cross cutting staff including marketing and policy and are continuous.

## **VII. Activities Planned for the Coming Period**

These activities are being coordinated with all dairy stakeholders being that results of such interventions go along the value chain. Planned activities are:

- Specialized training for Artificial Insemination ABDS Providers
- Specialized training for Mastitis Prevention for Dairy Companies, ABDS Providers and Farmers
- Specialized training for Linear Scoring ABDS Providers
- Workshop on Developing Industry Association
- National Campaign For School Dairy Products

# LIVESTOCK – Quarterly Report

October 1, 2009 – December 31, 2009

## **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

### **OBJECTIVE 1.0: COMMODITY ACTION PLAN SUB-SECTOR ACTIVITIES**

The project's original value chain assessment had identified the opportunity to increase beef production for more export to the EU to meet Serbia's quota and to bring down the price of beef in Serbia. The main challenges in the beef sector are tied to the structure of supply of meat into the formal slaughterhouse system, starting with the animal fattening. In November 2009, William Grant spent three weeks in Serbia as a STTA consultant performing the Livestock & Dairy Strategy Review. The purpose of this assignment in regard to livestock was to carry out further analysis into the overall issue of increasing the quantity and quality of the supply of beef animals to the slaughter houses. The analysis identified three main problems that affect the livestock industry:

1. Shortage of calves coming into the slaughterhouse system
2. Cash flow constraints
3. Inefficient fattening of cattle on the feedlots

The areas listed below provide opportunities for the project to address the key constraints in Year 3. The Project will use the grant mechanism to fund a **training program** to be implemented by its proven partner "Agrar Kontakt". This program will build on the impact and the results of the first grant issued to "Agrar Kontakt" in Year Two of the Project and will be focused on reaching the following goals:

- Improve efficiency of animal fattening/slaughtering/processing activities
- Increase value added in meat products
- Improve sales prices for beef that is being produced and exported (better markets);
- Improve their financial capacity through better business management practices
- Improve farmer understanding of the fundamentals of their business and ways to reduce expenses
- Introduce improved breeds of animals being used for the Beef sector
- Upgrade the facilities where the animals are being kept to improve animal health;
- Improve artificial insemination rates in the dairy industry to generate calves more frequently
- Strengthen ties between fattening operations and slaughtering/processing activities.

## HERBS & MUSHROOMS – Quarterly Report

October 1, 2009 – December 31, 2009

### Component 1: Increased Efficiency & Competitiveness of Agribusiness

#### OBJECTIVE 1.0: COMMODITY ACTION PLAN SUB-SECTOR ACTIVITIES

As planned in Herbs & Mushrooms Year Three Work Plan, the Project placed a greater emphasis on the herb sector with a focus on exports, national association development, and the addition of value-added products to company lines to support the export focus. The main achievement for Year Three Quarter One was the establishment of the new National Association of Herbs Processors and Exporters “Serbian Flora”, with Project support. This is the first step toward a new strategy for more intensive and strategic work with herb stakeholders so the new industry association can undertake many of the activities the Project has supported in the past.

In addition, as a result of activities conducted in this quarter and in previous periods, supported Herb and Mushroom companies were able to negotiate \$825,000 in potential sales, to contract for \$848,500 of sales, and to deliver \$190,000 of products. These companies also added three new full time workers in the reporting period.

#### 1.1.1.1: Support Clients with Marketing & Promotion Grants

A number of Herb & Mushroom sector companies have applied for, and one has already received, Project funds to improve their packaging and marketing activities.

In particular, the Bilje Borca Company, under the terms of grant no. IC-FY-2-1 for Tea Package Redesign and Labeling According to US Market Requirements, successfully completed their project on December 25, 2009. The Project reimbursed \$11,900 of the costs, while Bilje Borca invested \$20,722 for the printing of the new packages. Bilje Borca has already delivered \$92,000 of exports to the USA, and achieved \$180,000 of additional sales in the domestic market. The company also created three new jobs as a result of this grant program. The image at the right shows the new tea packaging and labeling for one of its tea products, as it will be used for both foreign and domestic markets.



In addition, the Strela Company is in the final stages of developing new packaging for their products. So far they have adopted the new brand name Vedrina. The Project is giving advisory support to Strela, and their selected service provider, in order to find the best design solutions. It is expected that Strela will complete all project activities by the end of January 2010.



Finally, four Herb & Mushroom companies (Rick's Technologies, Macval, Fructus, and Melisa Farm) have signed grant agreements for Marketing and Promotional activities. These companies are now in the process of developing new marketing tools. It is expected that they will complete project activities by the end of March 2010.

### **1.1.2.2: Support Development of a National Herb Association**

The Project has worked closely with key herb processors and exporters to establish a completely new association based on Serbia's new association law. Based on a need identified in Year Two a new National Association of Herb Processors & Exporters "Serbian Flora" was established with Project support on December 29, 2009. The key companies from the herb sector (i.e. Fructus, Herba, Macval, Bilje Borca, Adonis, Zdravac, Malisa Farm, and Kirka Pharma) which have more than 60% of the Serbian market, are the founders of the association. The association will also be open for new members.

The Project provided an STTA consultant to present them the new Law on Associations, helped them to develop the association's internal rules, and led them through registration and legal issues. After that, the association will open an office in Belgrade and hire a new, professional, manager who will be paid by the members. The main goals of the association are to:

- Address policy & regulatory issues on behalf of the association and members
- To serve as an information exchange leverage point for the members
- Organize participation in international trade shows
- Undertake media campaigns on behalf of the industry, and other promotional activities
- Foster the development of international market linkages for the members

As a next step, the Project will provide an STTA consultant to assist them with business and strategic planning, and preparing an action plan which will be the key document to guide future Project assistance for the association. As described in the Year Three WorkPlan, 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.

### **1.1.3.1: Support Standards Program for Herb & Mushroom Clients**

Implementation of the first cycle of the standardization program is ongoing. The "Dina Pecurka" Company, which produces cultivated mushrooms for both the domestic and export markets, completed their final Global GAP certification. The certifying body was the Certification Agency Evrocet, and their inspectors performed the final evaluation of the company. Their GlobalGAP certificate will be issued by mid January 2010, and in the interim they have a certification confirmation letter from Evrocet.

Three other companies, Bilje Borca, Uca and Adonis will complete their certification in the second quarter of Year Three. The Project has also solicited a second cycle of the standardization program, so the Sector Lead invited more than 50 companies to participate in the program, with special attention being paid to companies from the south of Serbia.

### **1.3.1.1: Support Companies that Participate in Trade Fairs**

The Project provided support for the participation of four mushroom clients at the Anuga international trade fair. As a result, these companies contracted for \$697,000 in new sales, while they are negotiating additional new sales with a total value of \$825,000. All participants received training and consultancy services related to preparations, exhibition, and negotiation both during and after attending a fair.

As a result of the visit to the VitaFoods Fair in Geneva (a Year Two activity), the Fructus company delivered their first shipment of various semi processed medicinal plants to a new buyer from Switzerland with a total value of \$31,500. The expected annual sales to this customer will be more than \$150,000 only to this buyer. Also, Melisa Farm delivered the first shipment of dry and liquid extracts to a buyer met at this fair with a total value of \$10,000, and future contracts for \$30,000.

### **1.3.2 Assist Clients to Undertake International Sales Missions**

The Marketing Team and the Herb & Mushroom Sector Lead visited two institutes and two herb companies, accompanied by Mr. Michel Meneuvrie, the owner of Plantes Aromatiques du Diois (PAD). PAD is a global player in the market for organic essential oils and fragrance plants. Mr. Meneuvrie was in Serbia to assess these herb processors in his search for new partners for organically certified essential oils and plants. Organically grown herbs are not too common in Serbia, but there is potential for the supply of wild collected herbs. This market opportunity will be further explored in upcoming months.

### **1.4.1 Encourage & Support Youth Involvement in Herbs and mushroom Sub- Sector**

The Herb & Mushroom Sector Lead reviewed three youth grant applications and forwarded his findings and recommendations to the Cross-cutting Director. Two applications were given a positive opinion, and recommended for site assessment. One of the applicants was transferred to the Tree Fruit Sector Lead. As a next step, the Sector Lead and the Youth Specialist will visit the applicants and in order to determine their appropriateness for a grant award.

## **TREE FRUIT – Quarterly Report**

October 1, 2009 – December 31, 2009

### **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

#### **1. ASSIST APPLE PRODUCERS TO REDUCE PRODUCTION COSTS**

##### **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, Professor Brian Boman from the University of Florida completed an assignment in Serbia between September 20 and October 9, with the main goal of providing technical assistance and training to apple producers on the issues of irrigation and fertigation. On site visits, technical assistance was provided to members of two cooperatives - ZZ Green Group and ZZ Cacanska jabuka, and for two companies - Greeny and Atos Vinum. Based on the conclusions made during the field visits, and identified problems concerning irrigation and fertigation of apple orchards, Professor Boman performed the training in Novi Sad, with the main subject being "Drip irrigation and Fertigation in Apple Plantings". The following items were covered: water use and irrigation, fertilisation, fertilising through drip irrigation system (fertigation), system maintenance, the control of automation, and frost protection. A total of 23 participants attended the training sessions, which included representatives of 10 ABDS providers, 3 producer organisations, 5 production companies and one media representative.

Problems in applying irrigation and fertigation technology that were identified during the visits to above mentioned companies and cooperatives were presented in the final report prepared by the consultant, together with suggestions for improving currently applied methods. These suggestions for modifications to the currently used programs were submitted to Project beneficiaries who have received technical assistance.

As a part of his assignment, Professor Boman created a comprehensive Technical Manual on Irrigation and Fertigation of Apples in Serbia which contains practical advice on improving the performance of these technologies that are still underdeveloped in Serbia. Two ABDS providers, Aquaduct doo and Agro Ferticrop doo (both involved in the distribution of irrigation equipment and fertilizers, and corresponding advisory services), have expressed their interest in taking part in the costs of printing this manual. The main goal would be to present these companies as service providers for apple producers, and to promote the importance of using these technologies in a more advanced way in order to reduce production costs. It is expected that representatives of these two companies will supply the Project with their suggestions for additions to the text by January 15th, while the prepress and printing of the manual will follow. The manual will be distributed to Project beneficiaries involved in apple growing, ABDS providers, and their clients. This will be the first practical manual on these technologies to be printed in Serbia.

##### **1.2: Traininig on Apple Harvest/Postharvest/Storage**

This assignment was postponed for the last quarter of Year Three (August - September 2010) due to the inability to organize the consultant's assignment during the first quarter of Year Three, and the past apple harvest period. This was mainly due to the inability to get USAID approval for Professor

Errol Hewett to perform this assignment in October. Another consultant has been identified who will conduct this STTA in the last quarter of Year Three, during next apple harvest period. It is expected that this assignment will occur between August and October 2010.

## **2. SUPPORT DEVELOPMENT OF SUB-SECTOR PRODUCER ORGANISATIONS**

### **2.1: Increase Capabilities of Tree Fruit Cooperatives**

As per a Public call for cooperatives to apply for a Business Training Program for Cooperative Managers published by the Project's Producer Organization Component, in cooperation with the Ministry of Agriculture, Forestry and Water Management, the Tree Fruit Sector Lead has provided interested cooperatives with the necessary information regarding applying for this program. Cooperatives that have shown interest to take part in this program aimed at improving managerial skill of cooperative managers as well as financial planning, sales and marketing abilities of responsible cooperative members and employees are: ZZ Vocko, ZZ Slankamenka, ZZ Domacin, ZZ Prima, and ZZ Fruit Garden.

### **2.2: Assist Apple Cooperatives to Manage their Production**

As a continuation of the assignment on apple postharvest and ULO storage technologies performed in the second quarter of Year Two, the SOW for the consultant was created with the main goal to assist cooperatives in managerial/procedural and technical issues regarding apple post harvest, quality control and storage of fresh apples. The STTA to perform this assignment will be the post harvest and ULO storage specialist, Professor Chris Watkins, who will be conducting the tasks presented in the SOW from February 11<sup>th</sup> to March 2<sup>nd</sup>.

## **3. ASSIST CLIENT FIRMS WITH INTERNATIONAL CERTIFICATION PROGRAM**

### **3.1 Support Tree Fruit clients with International Standards**

Four companies from the Tree Fruit Sector that have signed Grant Agreements as part of the Program for support to introduction of international standards have passed through the audit processes with their certification bodies and have received certificates for the introduction of GlobalGAP and ISO 22000 in tree fruit production and storage operations. As a result of introducing these international standards the companies Greeny, Atos Vinum, and ABD Prom have reported additional deliveries of \$800,000 of fresh and frozen tree fruit, and they have an additional \$220,000 under negotiation. During the negotiations for the deliveries mentioned, the fact that these firms held either GlobalGAP and/or the ISO 22000 certificates represented either a precondition for delivery, or a required proof of product quality.

In addition, as per a Public call for another program for international standards published on December 21st, the Tree Fruit Sector Lead has been informing and advising interested companies and cooperatives on all the necessary information they need in order to apply for this program.

## **4. IMPROVE ABDS & FINANCE SERVICE DELIVERY**

### **4.1: Incorporate Local ABDS Providers in Project Activities**

In order to raise capacities and create a more suitable environment for providing consultancy services to producers, suppliers of irrigation equipment and fertilisers will take part in creating,

printing and distributing the Technical Manual on irrigation and fertigation of apple crops, which is a product of the Activity 1.1: Training & TA on Apple Fertigation Technology. The main goal of this part of the activity is to promote importance of good quality application of these production technologies among apple producers and provide the opportunity for the above mentioned companies to be perceived as service providers rather than input suppliers alone.

## **5. SUPPORT SALES & MARKETING EFFORTS**

### **5.1: Support Tree Fruit Clients with International Trade Fairs**

The Foodland and Vino Zupa companies from the Tree Fruit Sector exhibited their products at the Anuga Fair in Cologne in October 2009. The ABD Prom company presented their range of frozen tree and berry fruit within the fruits of Serbia Association exhibit at Anuga.

In cooperation with the Fruits of Serbia Association, the list of companies which will exhibit at the Fruit Logistica Fair in Berlin has been finalised. The tree fruit sector from Serbia will be represented by the following companies at this international fair of the highest significance for fresh tree fruits in the EU and Russian markets: Juzni Banat, Fruitland (two cooperatives involved in apple production), Agrocom, AgropromCom, Agrar Komerc, and Atos Vinum. Presenting Serbian fresh apple production in Berlin in February would represent an important opportunity for these companies (out of which some comply with EU requirements for international standards) to create opportunities in this market as well.

### **5.2: Provide assistance in marketing and creating buyer linkages**

In cooperation with the Sales & Marketing Project Component, the Tree Fruit Sector Lead has organised meetings for, and accompanied representatives of, the French companies Favols and Naturgie, and from the Ecocert organic production certification body, with potential suppliers of organically and conventionally produced sour cherries and prunes from the South of Serbia. The following meetings were organised:

- Meeting with the manager of Frigonais coldstore from Kursumlija - the representative of French processor was interested in purchasing frozen sour cherries, raspberries and blackberries, as well as apple puree from Frigonais. The negotiations with Frigonais will be continued in the future period.
- Meeting with the deputy President of Merosina sour cherry association and the mayor of Merosina municipality - the representative of Ecocert has proposed to the Association president to organise a presentation on requests imposed by organic production standards in order to improve their competitiveness and attract international buyers of organically certified products.

## **6. SUPPORT YOUTH & GENDER INVOLVMENT**

### **6.1: Encourage & Support Youth Involvement in the Tree Fruit Sector**

The Tree Fruit Sector Lead has assisted Marko Vasic who has applied for grant money as part of the program for subsidising business plans submitted through the Project's Youth component. Namely, Marko Vasic, who has presented the business plan with the concept, costs and benefits of starting dried fruit production in Macva region was assisted on ways of improving the clarity of the Business Plan in order to consider continuation of the assessment procedure, and the adequacy for

receiving subsidies. It is expected for the improved version to be delivered during the first week of January, which will be followed by an interview and site assessment.

## **7. SUPPORT CROSS-CUTTING FUNCTIONS**

### **7.1: Support the Project Grant Program**

The Agricultural Innovation Center (AIC) from Arilje has successfully finished the accreditation process for introduction of ISO 17025 standards with the Project grant support. Activities supported by grant have been taking place in the past year and have consisted of preparation of necessary procedures and documentation, obtaining and calibrating laboratory equipment in accordance to standard's requests. The final certificate proving validity of analysis performed by the Innovation Center was appointed by the Serbian National Accreditation Body on October 23rd.

This certificate makes the Innovation Center the only laboratory in the region officially certified to perform water and soil analysis for fresh fruits and vegetable producers and agribusinesses (cold stores) that are numerous in the area. The number of clients is estimated to raise by 30-40% and accordingly Center's income. Official analysis results are also required during implementation of GlobalGap standards which is becoming a precondition by export companies marketing products to the EU.

### **7.2: Assist Marketing & Packaging Grantees as needed**

As a result of the grant program supporting agribusiness companies wishing to raise their products' value and marketing performance, four companies from the Tree Fruit Sector have been approved grants aimed to support these activities and signed corresponding Grant Agreements with the Project. Representatives of VINO ZUPA, Foodland, ZZ VOCKO and Foodex who will finish their marketing activities by the end of the Year 3 second quarter will achieve USD 1,400,000 of additional sales of fresh and processed tree fruit products and 46 - 60 new jobs.

## **8. OTHER ACTIVITIES**

### **8.1. Cooperation with the LEDIB Program**

The Project COP Lou Faoro, the Producer Organization Specialist, and the Tree Fruit Sector Lead met with the Director of the Danish LEDIB Program, Mr. Lund, and his associates. The Local Economic Development in the Balkans is a five year program intended to support the development of local SMEs, and the intention is to expand the range of their activities to cover the agribusiness sector as well. These activities will have the form of supporting the establishment of a cooperative of sour cherry growers in the Municipality of Merosina, an advisory service based on the Danish model, and an agricultural school in Aleksinac.

In accordance with the Project Strategy for Southern Serbia and already identified issues existing within sour cherry subsector in this area, cooperation between Agribusiness Project and the LEDIB program was identified as adequate and useful for both sides. After attending the founding assembly of the sour cherry growers cooperative supported by the LEDIB Program, and performing a survey among sour cherry processors on raw material demand, marketing and export, the Producer Organization Specialist, the head of the Sales & Marketing Team, and the Tree Fruit Sector Lead presented a Proposal for Cooperation with the LEDIB Programme on December 7th. The goal of this proposal was to lay out suggestions for cooperation between the two projects in the form of

joint assistance that would be addressed toward the newly founded cooperative. The types of assistance presented in the Proposal are grouped around three components - support to cooperative development, technical assistance to cooperative members, and providing market linkages and information on market tendencies.

### **8.2: Further activities of Tree Fruit Sector in the South of Serbia**

As per the initiative to expand Project activities in the south of Serbia, the Project's COP and the Tree Fruit Sector Lead conducted meetings with representatives of the Prokuplje and Kursunlija municipalities in order to determine the potential for assistance. There are more than 2000 ha of sour cherry that is traditionally produced in the South of Serbia. The main problem for sour cherries is the low market potential - over 40% of this year's yield was un-harvested due to the lack of interested buyers and the non-existence of cooperatives or associations. As a result of discussions on potential Agribusiness Project assistance, the largest problems are the identification of new buyers for sour cherry, and initiatives to form a cooperative of sour cherry growers.

Together with the Deputy COP, as well as the Vegetable, Berry Fruit, Herb & Mushroom, and Dairy Sector Leads, and the Producer Organization Specialist, the Tree Fruit Sector Lead met with representatives of USAID funded projects from Vranje and Novi Pazar. The goal of these meetings was to determine the potential for expanding Project activities to firms and producer organizations in these areas of Southern Serbia, to get more information on the situation in the agribusiness sector, and the main difficulties and constraints encountered.

In accordance with the information and assessments performed in the past quarter, the Tree Fruit Sector Lead will conduct a sour cherry market analysis and value chain assessment. The results of the assessment will be disseminated to cooperatives existing in the South of Serbia, relevant cold stores and processors, together with suggestions for improving currently used technologies and overcoming problems existing in products marketing.

## **VEGETABLES – Quarterly Report**

October 1, 2009 – December 31, 2009

### **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

#### **OBJECTIVE 1.0: COMMODITY ACTION PLAN SUB-SECTOR ACTIVITIES**

In the vegetable sector, the previous period has primarily been marked by harvests of most represented open space root and cabbage vegetable types. Some of the previously contracted quantities have already been delivered to buyers (primarily processing industries), while considerable amounts of fresh vegetables for continuing supply have already been stored. In the past year, the producers have placed particular stress on the preparation of adequate facilities for vegetable supply, which had previously not been a regular practice. This has enabled them to improve possibilities for better placement of their product on the market and realization of additional profit in the upcoming period, likely to become marked by scarcity of quality products on the market.

Hit hard by the economic crisis in the previous year, the vegetable processing industry is still struggling, resulting in a considerable number of individual processors being unable to remain financially solvent (due to inability to collect outstanding claims).

It is significant to report that market conditions and high prices of raw materials have forced some vegetable processors to cease cooperation with their traditional suppliers in the region, and to locate more favorably priced domestic suppliers, or suppliers from neighboring countries, primarily from Macedonia. This applies mostly to the processing of peppers, onions, and tomatoes.

Signing cooperation agreements with the European Union has enabled producers to access the markets of those countries more aggressively and easily. On the other hand, they are now bound to encounter heavy competition from other EU vegetable producers for product placement on domestic markets as well.

For that purpose, a number of producers and processors have successfully implemented new food safety standards, which are a requirement for access to markets, and/or they have worked on improvements of their visual identity and the competitiveness of their products.

#### **Activity 1.1.2: Post-harvest activities (Technical assistance+seminar>manual)**

Prof Elazar Falik, a Post-Harvest specialist from the Post-Harvest Institute in Israel, visited USAID Agribusiness Project clients during the quarter. During his visit, Prof. Falik made presentations on Post-Harvest technologies for root crops and vegetables. The emphasis was on carrot and potato storage, since these products represent the major crops from the region. The maintenance of quality, humidity, and other organoleptic characteristic of the products represented the main topics in his presentations and meetings with clients.

A two-day Post-Harvest seminar for Serbian and Macedonian service providers involved in assistance to vegetable producers was also held in Strumica (Macedonia). The seminar was arranged by the Skopje and Novi Sad Agriculture faculties, with assistance from the Macedonia

USAID Agbiz Program and the Serbia USAID Agribusiness Project. At the event, specialists from Israel, Italy, Serbia, and Macedonia, presented a number of new technologies related to the post-harvest subject. In the past, Serbia lacked quality literature related to the above-mentioned subject, and the USAID Agribusiness Project has supported the production of the first Post-Harvest manual for vegetables, which was prepared by Prof. Zoran Ilic.

### **Activity 1.1.3: Farm Management Training**

The second session of the three-part Farm Management Training program was held in Kanjiza between Nov 14<sup>th</sup> and 18<sup>th</sup>, 2009. During the training seminar, the following topics were discussed: Partial budgeting, Income statements, Financial analysis, Economic principles, and others. Participants were especially interested in Risk management and the Investment efficiency calculation presentations. The ultimate goal is to instruct producers on how to pay more attention to financial management and to keep their records precise so that they can use them for different types of financial analysis, which will give them better information about their profitability, liquidity, solvency, and other important matters.

### **Activity 1.1.4: Food Safety Standard Implementation**

During the previous quarter, most of the applicants in the process of standard implementation finalized their activities. A very demanding and strict process, GlobalGAP certification, implemented by TUV Rheiland gave the highest scores to *Grow Rasad* company, which became the first GlobalGAP certified vegetable nursery. *Citadela* company successfully passed two inspections and became GlobalGAP and ISO 14001 certified. The *Golden Garden* company is also now certified by Bio Agri Cert from Italy. Successful implementation of these standards has improved the competitiveness and position of Serbian vegetables, especially on foreign markets.

## **OBJECTIVE 1.1: STRENGTHENING PRODUCER ORGANIZATIONS**

**Activity 1.1.1:** Business training program for the management of agricultural cooperatives in the period of January - February 2010. After distribution of invitations for the abovementioned program, five clients from vegetable sector applied. Management still represents the weakest point of agriculture cooperatives.

## **OBJECTIVE 1.2: IMPROVING ABDS SERVICE DELIVERY**

### **➤ Activity 1.2.1: Linking ABDS providers with local producers.**

Extension service providers specialized in agro-economy participated in the second Farm Management Training. Participants from Ruma, Vrsac, Kikinda, Aleksinac and other cities represent the first generation of service providers dealing with economic production department. Due to the importance of this subject matter, preparations for the extension of the assistance are planned for 2010.

**OBJECTIVE 1.3: PROVIDING SALES & MARKETING SUPPORT**

**Activity 1.31: Anuga Cologne, Germany Food Fair**

Five vegetable processing companies exhibited at Anuga, the largest European food fair in Cologne, in October 2009. For the duration of the fair, potential buyers from EU countries, Russia, and also Middle Eastern and other countries, showed significant interest in importing Serbian vegetable products. In the category of frozen vegetables presented by *ABC Food* and *Aretol*, the **highest** interest was shown for peppers (strips and cubes), sweet corn, and green peas. In addition to clients interested in bulk purchases, these companies initiated negotiations for the sale of small retail-packed vegetables. Pasteurized canned products (sweet corn, green peas and especially kidney beans) presented by *Prima Produkt* attracted the attention of EU and Russian buyers.

New vacuum-closed packaging gave them an advantage in comparison to Thai and Chinese products. The vegetable-based sauces produced by *Biotrend* represented the highlight of the exhibit and numerous buyers expressed interest - so far contracts are signed with Slovenia and Hungary.

**Activity 1.3.2: Preparatory activities for Fruit Logistica Fair**

Preparatory activities for the largest fresh fruit and vegetable fair to be held in Berlin in February 2010 were arranged by the project team through marketing and sales training, advisory assistance, and market analyses for specific products planned for exhibition. Four representatives of the vegetable sector will exhibit: *Sagal*, *Lucic*, *Grow rasad*, and Association of Vegetable Growers of Vojvodina.

**OBJECTIVE 1.4: YOUTH ENTERPRISE PROGRAM REPORT**

The evaluation of business plans and ideas presented by the participants of the Business Plan Competition was completed for three applicants in the vegetable sector. After the initial assessment, the idea for red pepper processing into a powder for spice production showed the highest potential.

**OTHER ACHIEVEMENTS/ACTIVITIES IN PROGRESS**

*Biotrend* company concluded negotiations in Budapest with the "White lake" company, the largest distributor of products in controlled regime in Hungary. *Biotrend's* products are to be sold in the four largest supermarket chains in Hungary: *Achan*, *Metro*, *Interspar* and *BCA* through this Hungarian company. All arrangements regarding pricing, transportation, and promotion, have been completed, and the first quantities will be exported in January 2010. The initial contact with *Biotrend* company was established at Anuga Food Fair in Cologne, Germany.

The ATP Irrigation Company concluded deliveries of fresh cucumber to a processing company in Hungary. Since the quality of products and quantities were exceptional, the processor expressed desire to invest in the new facility, which should be built in the Krusevac Municipality. The first contacts with local authorities have been made, and three locations were proposed for the construction. The total exported quantity was over 1,800 tons.

Market analyses for Russian, Belorussian, and Ukrainian markets have been contracted to provide assistance for fresh vegetable exporters. These analyses will focus on vegetable types produced in significant quantities, as well as recommend new varieties, which could represent significant market opportunities.

# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

October 1, 2009 – December 31, 2009

Annex 3 – Cross Cutting Reports:

Marketing & Sales

Producer Organizations

ABDS & Finance

Youth & Gender

Environment

# **MARKETING & SALES – Quarterly Report**

## **October 1, 2009 – December 31, 2009**

### **Component 1: Increased Efficiency & Competitiveness of Agribusiness**

#### **Objective 1: Implement Firm-level Activities**

##### **Task 1.2: Opening Domestic and Regional Markets**

- Marketing & Sales team provided contacts of regional distributors to Zrnco Company from Kovacica: (Pohit for Croatia, Imperial for Slovenia, Lednik for Croatia and Slovenia, all of them are working with large supermarket chains, Mercator, Tus, etc...)
- Marketing & Sales met with Market Unija –an association of 90 retail markets around Belgrade who have united to consolidate their procurement and marketing under one eventual brand. Assistance required for organization of the procurement activities.
- Marketing & Sales met with purchase managers of Metro, and Familija market market discussing their needs and cooperation with client companies on regular basis
- Marketing and sales team established a contact with Japanese-Serbian chamber of commerce in order to jointly promote Serbian products at Japanese market
- Project staff started cooperation with British – Serbian Chamber of Commerce with aim to establish business linkages of Serbian producers and British buyers

##### **Task 1.3: Training for Firms: Strengthen Business Skills in Marketing and Sales**

- Marketing and Sales organized training for companies participants at Anuga trade fair on AgBiz premises in Belgrade.
- Marketing and Sales organized training for companies participants of Fruit Logistica Trade Fair in Berlin (3-5 February 2010) and Biofach trade fair (17-20 February 2010) at Zira hotel in Belgrade
- During this training, Jeff Spear, Sales and Communication STTA, had presentation on Public Relations during trade fairs.

#### **Objective 2: Implement Service-level Activities**

##### **Task 2.1: Trade Fair Support**

The Project organized an exhibition of Serbian companies at Anuga Trade Fair in Cologne, October 10-14, 2009. Serbian companies exhibited on two stands : Fine Foods ( 10 companies) and Frozen Foods (14 companies). They achieved the following results (see tables on the following page):

Project Client	Sales	Sales
Fine Foods Stand	Contracted	Negotiated
Strela	<b>\$490,000</b>	\$500,000
Foodland	<b>\$500,000</b>	\$1,000,000
Biotrend Donato	<b>\$1,000,000</b>	\$300,000
Igda		\$300,000
Sweet Art	<b>\$70,000</b>	\$2,500,000
Prima Produkt		\$1,150,000
Pionir		\$400,000
Vino Zupa		\$2,300,000
Fungo Jug	<b>\$162,000</b>	
Yumis		
<b>Totals:</b>	<b>\$2,222,000</b>	<b>\$8,450,000</b>

Project Client	Sales	Sales
Frozen Food Stand	Contracted	Negotiated
ARILJE Association	<b>\$363,000</b>	\$768,000
Agrograf		
Yugotrade		
BMD		
Laki		
Fruits of Serbia	<b>\$2,774,362</b>	\$5,818,150
MN		
ABC		
SIROGOJNO		
Aretol		
Mondi		
Frigo Grand		
Agropartner		
ABD Prom		
Jugprom		
ITN		\$364,000
<b>Total for Frozen Food:</b>	<b>\$3,137,362</b>	<b>\$6,950,150</b>
<b>Grand Total Contracted</b>		<b>\$5,359,362</b>
<b>Grand Total Negotiated</b>		<b>\$15,400,150</b>

Also, the Project finalized preparatory works for upcoming Fruit Logistica and Biofach fairs. The final lists of participants is as follows:

**Fruit Logistica** - under the umbrella of Fruits of Serbia Association:

1. Coolfood
2. Fruitland
3. Juzni Banat
4. Agro Trade
5. Association of Vegetable Growers
6. Agrocom
7. Agrarkomerc
8. Lucic Prigrevica
9. Agroprom
10. Prima Farmers' Association
11. Sagal
12. Atos Vinum
13. Igda

**Biofach** – under the umbrella of Serbia Organica Association

1. Zadrugar
2. Foodland
3. Mondi
4. Royal eco food
5. ITN
6. Zdravo Organic

**Cooperation with Universities:**

- Jeff Spear, Marketing and Communication STTA held lecture on The Value of Design in Marketing to the students of marketing on Belgrade Banking Academy (Marketing Section).
- The Value of Design lecture was also held at the Faculty of Economics, Belgrade University.
- Both lectures were attended by Serbian marketing lecturers. Project was invited to join the network of universities, institutes, high schools, consumer organizations, NGO's and private enterprises who are active in the field of consumer science in order to develop joint research activities. The name of this project is Focus Balkans and it is funded by European Commission.

**Facilitate Sales Linkages for Serbian Agribusiness – Sales Missions**

**French Organic Sales Linkages**

French buyers of organic and conventional food Favols and Naturgie visited Serbian companies: Knjaz Milos, Sirogono, ITN, Zadrugar, Frikos, Libertas, Elikvir, Merosina Association, Foodland, Nektar and Zdravo Organic. After this initial visit more French berry fruit buyers expressed their interest to come to Serbia in spring time.

**Halal Sales Mission**

Project staff met with Mustafa Jusufspahic, General Manager of Halal Products Certification Agency and agreed to work on developing project with Malaysian Embassy to discuss potential export of Serbian products to that market. The meeting at The Embassy of Malaysia is scheduled for January 15, 2010.

Marketing and Sales met with the owners of Zeleni Hit to discuss project support for the development of Sweet Potato production in Serbia.

Marketing and Sales has responded to an investment inquiry from the Netherlands for the construction and production of a new modern apple orchard in Serbia.

Marketing and Sales met with Vlade Divac of the Divac Foundation to discuss their activities in Serbia and investments in agribusiness.

Following trade fairs, Project staff disseminated contacts of distributors and buyers to Serbian companies. Some of these contacts are:

- Canning factory from Bulgaria, Yoka, interested in raw material for further processing
- Van – Tol , import – export Dutch company owning more than 160 supermarkets interested in potential of private label production in Serbia
- Project staff connected Tomi Lednik, distributor from Slovenia with Yumis company.
- Project staff provided contacts of Serbian producers to Pohit company, distributor and importer to Croatia.
- Impuls, importer from Germany interested in research of Serbian source of raw materials
- Gunther Hellriegel GmbH interested in Serbian private label products

#### **Task 2.2. – ABDS and Export Association Preparation for Fairs and Sales Missions**

- Project staff worked closely with Serbia Organica Association who is supposed to take over the organization of Biofach fair.
- Project staff worked closely with Fruits of Serbia Association and Run Expo service provider coordinating organization of Fruit Logistica trade fair.

#### **Task 2.4. – Market research for companies/associations wishing to enter new markets**

Marketing and sales team made a fruit and vegetable market research for potential markets (imports, exports, prices, tariffs, competitors analysis). Implications of newly signed trade agreement with Belorussia and Turkey on Serbian agriculture are also analysed. The research will be presented to fruit and vegetable sectors in January.

#### **Task 2.3.: - Communications: Dissemination of agribusiness-related information**

Marketing and Sales participated in a 30 minute talk show on Kopernikus Television to discuss USAID support for Serbian companies with marketing, sales, export markets and competitiveness.

#### **Task 2.6.: Prepare and Promote new Belgrade Food Show**

ABDS advisor with support of Marketing and Sales organized his first presentation of new Belgrade Food Show which is supposed to happen in June 2010. The presentation was held at Holiday Inn Hotel in New Belgrade.

## **PRODUCER ORGANIZATIONS – Quarterly Report**

October 1, 2009 – December 31, 2008

**OBJECTIVE 1.1: STRENGTHENING PRODUCER ORGANIZATIONS**

**ACTIVITY 1.1.1: STRENGTHEN ORGANIZATIONAL CAPACITIES**

### *Task 1.1.1: Generic Business Training Program for Cooperative Managers*

During the quarter, the USAID Agribusiness Project (the Project) partnered with the Serbian Ministry of Agriculture (the Ministry) have launched joint nationwide training program to assist agricultural cooperatives from six sub-sectors to improve business skills of their management. This is a joint program that will be organized and funded by the Ministry and the Project. The training agenda, with recommendations for its implementation, has been developed by the U.S. consultant, Mr. John Haydu that the Project hired in July 2009. Proposed program consists of three separate modules in the following fields/areas: (1) Cooperative Business and Strategic Management; (2) Financial Planning Tools for Cooperative Managers, and (3) Marketing, Selling and Communication Skills for Cooperative Managers.

The PO Specialist has been working intensively with the representatives of the Ministry to define selection criteria for both, service providers that will deliver trainings and cooperatives that will apply for training program. As agreed with the Ministry, the Project announced a request for proposals to identify companies capable of developing final training modules, prepare training manuals for printing and providing specialized trainings to cooperatives. A total of 8 proposals have been submitted by the companies within a given time frame. Review Board consisted of representatives of the Ministry and the Project has evaluated applications and conducted selection of the most skilled and competent service provider that have submitted best offer.

The Project and the Ministry prepared selection criteria for cooperatives to apply for the trainings and the Ministry's responsibility was to announce a public call in early October 2009. However, the Ministry's legal department asked for further clarifications regarding selection process and the content of open competition to cooperatives which significantly slowed down the process and caused delay in the implementation of trainings. Finally in mid December, the Ministry announced public call to agricultural cooperatives to apply for the participation in the training program (<http://www.minpolj.gov.rs/download/konkurs.pdf>).

The deadline for the submission of applications is December 29<sup>th</sup> 2009 after which training participants will be selected. Because of that, planned training schedules will be postponed for February/ March 2010. The training's eligible participants are the management of agricultural cooperatives registered in the Serbian Business Registers Agency that have a minimum of ten members, registered farming households with a strong record of the jointly implemented activities such as mutual sale, purchase of raw materials, attendance of the fairs, trainings, etc. PO specialist has informed and invited to apply over 35 agricultural cooperatives and cooperative unions that are Project clients. The Project expects participation of minimum 20 and utmost of forty (40) agricultural cooperatives from six targeted sub sectors that will have their managers engaged in the trainings.

***Task 1.1.6: Strengthen national associations***

***Activity 1: Expert support to targeted associations.***

As part of the planned expert support to targeted associations, PO specialist has been working on the SoW for the consultant, and sourcing for the most suitable candidate for this assignment. This consulting assignment should bring in a foreign association development expert who can use his experience and knowledge and offer some practical advice and solutions applicable to Serbian national associations. He should advise associations on different models of efficient organizational structure, how to improve their viability and financing, broaden the scope of member services and expand opportunities for lobbying and advocacy. Targeted clients are recently formed national associations, *Fruits of Serbia Association, Medicinal and Aromatic Plants Association, and Organic Food Association*. Few potential consultants from US that are internationally considered among best experts in this matter have been identified. Experts from the Produce Marketing Association (PMA), a leading global trade association based in US, were contacted first. However, due to their busy schedule they were not available in the first quarter of 2010. This has caused a small delay in the assignment schedule and will require engagement of other identified consultant that is available in February/ March 2010.

***Activity 2: Trainings and technical assistance to form new national associations.***

During the quarter the Project's focus with the development of new associations was on two groups of agribusinesses that showed interest in forming commodity-based organizations at national level: (1) blueberry stakeholders from berry fruit sector, and (2) medicinal and aromatic plants (MAP) processors and exporters from herbs sector. They were identified by Sector Leads as potential key players and leverage points in targeted sectors, and as such an important Project partners in Year 3.

In December, the Project assisted targeted groups to advance into associations organized in accordance with the new Law on Associations that has recently entered into force<sup>1</sup>. Until now Serbia had the unsuitable legal framework for associations as non-governmental entities. They were organizations that could be established only by natural persons, which disabled businesses as legal entities to form such stakeholders associations and officially take part in their activities. Previous Law has limited a range and amount of business and other profit-making activities that can be done through the association for the benefit of their members. The long-awaited new Law now provides better regulation of the associations in Serbia in line with international standards.

To assist each target group to understand requirements of the new Serbian Law and successfully overcome demanding and hard process of forming new association in compliance with the Law, the Project provided specialized trainings and technical assistance through the selected local consultant. The consultant has conducted trainings on the practical issues and various components regarding application of the new Law. Training participants were instructed how to prepare founding act, statute, by-laws, and other regulations to the new Law and get official registration of new association. Special attention was given to financial issues and performance of business and other profit-making activities through the association account.

The Project has organized two of those trainings in support to formation of: 1) New National Blueberry Association (on December 28, 2009, in Cacak), and 2) New Association of MAP processors and exporters (on December 29, 2009 in Belgrade).

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<sup>1</sup> As of November 2009

- 1. *New national MAP processors association.*** The training participants were eight leading MAP processing companies that represent over 60 % of the value chain. Following the training, participants held a founding assembly meeting of a new business association that has been facilitated by the consultant and Project staff. Companies have adopted founding act and elected managing board and the president of the new MAP processors' and exporters' national association named „Serbian Flora“. Primary goal of new association is lobbying and advocacy for its members to improve business enabling environment and change industry-related policies that affect sub-sector (quota system export procedures, temporary import procedures, quotas for collection of wild MAP, etc.). Besides that other main goals are improvement of herbs production and processing technology, better market access, market research, and joint promotional and marketing activities.
- 2. *New national blueberry organization.*** In the premises of Cacak Fruit Research Institute, the consultant conducted training to over 20 blueberry stakeholders. After the training, blueberry stakeholders held a founding assembly meeting of a new national blueberry association, facilitated by the Project. Blueberry growers and related cooperatives, associations, ABDS providers and input suppliers from across the country adopted founding act and elected managing board and the president of the first blueberry producers' national association named „Serbian Blueberry“. This umbrella association should coordinate joint activities of blueberry stakeholders in Serbia and work on the improvement of blueberry production technology, introduction of new varieties, lobbying for its members, better market access, and joint promotional and marketing activities.

The project will provide further help to newly established associations to prepare by-laws, statute and other regulations to the new Law on associations, and to get official registration of new entity.

### ***Activity 3: Support to existing national associations***

#### ***Serbia Organica National Association.***

Over the course of the quarter, the Project has been providing assistance to newly founded National Association of Organic Food Producers “Serbia Organica” at many different levels, as follows:

- ***Finalization of National Action Plan for Organic Agriculture in Serbia:*** Together with the Ministry of Agriculture, Association “Serbia Organica”, Austrian Development Agency (ADA), Slovak AID from Slovakia, Serbian Export Promotion Agency (SIEPA), and German Organization for Technical Cooperation (GTZ), the Project participated in the series of coordination meetings as member of the Working Group for the implementation of National Action Plan (NAP) for organic agriculture in Serbia. The purpose of these meetings was to define roles and determine short term and long term priorities of each organization in support to implementation of NAP for organic agriculture in Serbia. As a result NAP has been prepared and timeframes for its implementation set. Since Association “Serbia Organica” will be the most important implementing partner, the Project has defined a set of activities within proposed NAP that will be implemented in support to National Association. The Project will provide direct assistance to association to reregister based on new Law on Associations, help with development of their organization and by-laws, and designing of long-term strategy to ensure sustainability. In addition, through grant scheme the Project will support organic stakeholders to get organic product certificate for export and local markets, and support association to promote organics in Serbia and abroad and develop those markets.

- *Joint Export Promotion/ Trade Exhibition:* The Sales & Marketing team and PO specialist has been meeting with representatives of “Serbia Organica” and German organization GTZ to coordinate preparations for joint exhibition of the association and their members at BioFach Fair in Germany. This activity will be co-funded by the Project, GTZ, and “Serbia Organica”. Six organic certified companies, members of the association, will exhibit at the association’s joint booth stand in February 2010. (*For more details see Sales & Marketing quarterly report*).
- *Expanding Portfolio of the Program for International Standards:* New national Association “Serbia Organica” sent a proposal for inclusion of organic certification into our program on international standards. The Association has identified a lack of organic certified products as one of the most important constraints to organic food sector growth in Serbia. In the proposal, the Association recommended criteria for selection of applicants and provided information on potential agribusinesses that will have interest to obtain organic certification. This initiative will help Serbian food producers to introduce more organic certified products, expand area with organics crops, increase number of new farmers and agribusinesses involved in organics and boost exports of organic food. Info/ Policy specialist and PO specialist has been working on the criteria for organic certification small grants and inclusion of this standard into our program. As a result the Project incorporated organic standard as part of recently launched certification program (*For more details see Info & Policy quarterly report*).
- *Making the Association’s Business Plan:* PO specialist assisted “Serbia Organica”, during the process of creating an association’s business plan. Planning session was organized by German organization GTZ and facilitated by their expert Ms. Marion Buley. PO specialist took active participation as a member of planning working group. Purpose was to help association articulate and plan their business activities and provision of services to their members that will assure self-sustainability.

#### ***Fruits of Serbia Association.***

- *Preparations for Fruit Logistica Fair:* PO specialist has been coordinating preparations of Fruits of Serbia exhibition at the Fruit Logistica trade fair in Germany with the Sales & Marketing team. Selection criteria for companies that will exhibit through association have been determined and MoU signed with Fruits of Serbia. The association will fund catalogues and graphics for the exhibition through members’ participation fee as well as travel and lodging for exhibitors. The Project will cover costs of booth space rental and design. Fair will take place in February 2010 (*For more details see Sales & Marketing quarterly report*).
- *Anuga Trade Fair Exhibition:* The Project supported members of the Fruits of Serbia Association, to have a joint exhibition at Anuga Trade Fair in Germany in October 2009. Nine processing companies from three sub-sectors, involved in production of frozen fruits and vegetables, exhibited at frozen section of the fair. This was the first time for Fruits of Serbia Association and their members to have a joint exhibition at foreign trade fair. As a result, the association members have contracted sales worth USD 1.39 million, of which USD 0.87 million were executed by the end 2009, mostly to German and French markets. Based on a number of new contacts made during the fair another USD 2.7 million of exports is under negotiations. Vast sales are expected after 2010 harvest.

***Activity 4: New Baby Beef Cluster Serbia***

Key industry players from the baby beef value chain, export licensed slaughterhouses, beef cattle breeders and fatteners, representatives of feed industry, and research institutions, held an inaugural assembly of the new national association named “Baby Beef Cluster Serbia”. They have adopted statute, by-laws and selected association governing bodies. Beef sub-sector is facing with serious challenges in the past years that are now emphasized with global financial crisis. Therefore, the industry sees an association as a way to deal with all those problems. The Project has been involved in the preliminary stakeholders meetings for the forming of national baby beef association, providing advices and explaining types of support that can be provided to strengthen new organization. One of the potential activities is formulation of strategy and branding of the Serbian baby beef product.

## **ABDS & FINANCE – Quarterly Report**

### **October 1, 2009 – December 31, 2009**

#### **OBJECTIVE 1.2: IMPROVING ABDS SERVICE DELIVERY**

##### **➤ ACTIVITY 1.2.1: DEVELOP AN ABDS PROVIDER NETWORK**

#### **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 Project assisted Enterprise Europe Network (EEN) in organizing and inviting companies to International Matchmaking event on 27th of November, under the 8th International Entrepreneurship Fair „Business Base“ 2009 in Belgrade. Matchmaking event is addressed to entrepreneurs searching for business partners in the food sector. 29 companies from Greece, Montenegro, Serbia, Croatia and Germany participated at the event. They had 53 bilateral meetings where they presented goods and services.

#### **Task 1.2 - Continue work on consolidation – link to cold chain – introducing new technologies**

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.

The Project has organized a series of presentations of Ozone generators, a new and effective technology for fresh fruits & vegetables' shelf-life extension and logistics and consolidation services performed by Lagermax. The presentations of Ozone generators were delivered by Mr. Jonathan Caisley, director of Biofresh, UK. In addition, Mr. Zakula, executive director of Lagermax, has presented to the audience logistics and consolidation services which are also a necessary step to successfully supply export markets with fresh produce. The presentations have been conducted on December 8 in Uzice and Valjevo at premises of respective Regional Chambers of Commerce, and in Belgrade on December 9, 2009, at Hotel IN. A total of 62 participants attended the presentations. Besides representatives of private companies, POs and ABDS providers dealing with fresh fruits & vegetables, officials from Serbia Ministry of Agriculture as well as representatives of USAID-funded projects in Bosnia and Kosovo attended the events as well. All the participants showed a lot of interest in learning about and in applying this technology in Serbia. To assist that process, it was agreed with Biofresh that the USAID Agribusiness Project will where necessary facilitate arranging trial use and/or demonstrations of the technology in Serbia. Lagermax will start to negotiate the introduction of Ozone generators both in warehouse (with Metro CC) and in some transportation vehicles with its truckers.

As a result of promotion and cooperation with the Project Lagermax reported that they have successfully transported goods in total amount of USD 460.000 to EU, Russia and regional countries. More than 50 trucks in both consolidated and single company transport regime were used to ship the goods. The company also reported USD 60.000 income in service values.

#### **Task 1.4 - Prepare and promote new Belgrade Food Show**

During Year Two 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 2,500m<sup>2</sup> 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 100 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.

During the award ceremony for individuals that successfully completed the business skills training courses On October 23, 42 companies' representatives filled in a survey on future activities with the Agribusiness project. The companies were very responsive to initiatives that are coming from the project especially the idea of lunching new food show in Belgrade.

On December 23, 2009, the Project organized a presentation of the future food show in Belgrade that local service provider “Belxpo” will organize with our support. All 28 participants expressed interest in this show which has a working name “Pijaca (market) in Belgrade” and it is scheduled for the second half of June 2010. SIEPA, EEN, GTZ and Chamber of Commerce also promised support in many different activities: promotion and attraction of buyers and exhibitors both local and international; organization and bringing interesting speakers for the conference part of the fair; financial support for marketing activities. “Belxpo” announced that all information regarding the show will be available on line as of Feb. 1, 2010 on their website.

We scheduled next meeting for the end of January 2010 where we will present the fair website, logo, media plan and introduce our consultant who suppose to arrive to Serbia at the end of January. The consultant will work both with the fair management and companies to form functional partnership and to organize "Pijaca in Belgrade" in the best possible manner.

#### **Task 1.5 - Management training - capacity building and promotion**

During the Year Two 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.

On October 23rd, the Agribusiness Project organized an award ceremony for individuals that successfully completed the business skills training courses. In total, 103 individuals from 45 companies (representing all six subsectors), have completed the training and have rated it very highly. On behalf of USAID, Mr. James Stein handed over the certificates to representatives of the

companies that sent individuals to this training program. Mr. Stein commented at the ceremony that: **"USAID has supported your training because we want to help Serbian agribusinesses in their efforts to become more competitive in regional and international markets. Our goals of increasing employment in this vibrant sector of the economy can only be achieved by expanding exports and investments in this sector."** Forty-two company representatives were present at the ceremony. These companies have been very responsive to initiatives coming from the Project, and they are looking forward to future business training events organized by the Project. 42 companies' representatives were present at the ceremony and while there they filled in a survey on future activities with the Agribusiness project. The companies were very responsive to initiatives that are coming from the project and they supported further trainings in particular negotiation, business leadership and time and self management. The project will work with service providers as of February 2010 to conduct further trainings in interested fields.

### **Task 1.7 – Improve feed and AI of Livestock and Dairy cows**

During the dairy and beef value chain assessments in year one of SAP, the program diagnosed the dynamics in the dairy and beef industries. It identified a clear segment of both the dairy and beef industries where project assistance would continue to foster growth in the subsectors, addressing key constraints to growth, while also protecting jobs in the more isolated rural areas. In the dairy subsector, the project had identified medium scale dairies with potential to formalize and compete at a regional level inside Serbia, focusing on constraints at both the dairies and in their supply chains. In the beef subsector, the project had identified the constraint of insufficient supply of animals (total tonnage of supply) into the more formal slaughterhouses, and to concentrate on improving the supply from medium to large scale beef fattening operations.

The purpose of this assignment was to carry out further analysis into the overall issue of increasing the quantity and quality of supply of milk from smallholder dairy farmers to the target dairies and beef to the slaughter houses. Earlier analyses had identified possible market failures in the supply of a number of services for livestock, in particular on feed and artificial insemination, which were limiting productivity and the quality of supply of both beef and milk. The research clarified the nature of these constraints and the reasons for the market failures, within the larger framework of the overall value chains and markets for those services. During the analysis, it rapidly became apparent that the market failures in these two areas (feed and artificial insemination) are not extreme, but the problem rather relates to the integration of the whole set of services, linked to the increasing formalization of the dairy industry.

### **Dairy section:**

The model will need to be tailored to the needs of the each participating dairy, based on what they are already doing, the nature of their suppliers and their growth aspirations and business model. Elements to go into the model include:

- selection of farmers by the dairies (in conjunction with dairies);
- training of service providers;
- model farms (from the initial 50 that were in phase 1) linked into a farmer field day program (products from the service providers);
- introduction of benchmarking tools – either hard copy or software (see model from Vet Center) that can provide profitability-financial information, as well as quality information to the farmers and allow them to track their progress.)

- introduce simple tools and technologies that can enhance the knowledge of the farmers and their ability to track issues they are facing.
- introduce a farmer producer organization development component to work in tandem with the pilot project being operated by the grantee.
- establishing a financial solution including dairies, farmers, municipalities and banks. This will include a combination of the solutions below:
  - A commercial finance solution must be one of the options offered, most likely through linking the farmers to the government guarantee/subsidy program which is being run by 23 commercial banks;
  - Promoting embedded finance, using the dairies as providers of primarily short term (though in some cases longer term) finance;
  - The project will not provide any direct finance to the farmers, but will provide a grant to manage the overall framework and facilitation:
    - overall facilitation of the activity;
    - funding for field days; and
    - identification and training of SPs.

### **Livestock section:**

The project's original value chain assessment had identified the opportunity to increase beef production for more export to the EU to meet Serbia's quota and to bring down the price of beef in Serbia. The main challenges in the beef sector are tied to the structure of supply of meat into the formal slaughterhouse system, starting with the animal fattening. The analysis identified the main slaughterhouses as key points of leverage to link into a large number of farmers with medium to large scale animal fattening operations, i.e. those with more than 10 head of cattle. Such farms, which are treating animal fattening like a business, are more susceptible to responding to economic incentives and are likely to invest in improving their production. Three main problems affect the industry:

- There is a shortage of calves coming into the slaughterhouse system for fattening in general, which will tend to be a systemic challenge, unless a clear, economically viable solution is identified;
- cash flow constraints are greatly handicapping the flow of cattle through the formal system; and
- there is inefficient fattening of cattle on the feedlots; it is both slow and more expensive than it needs to be.

There is a very strong overlap between the dairy industry and the beef industry. The economic rationale for keeping cattle in Serbia is tied to milk production and the vast majority of cattle entering the meat market are from dairy farms. So at present, the beef industry in Serbia is essentially a by-product of the dairy industry. This brings many constraints for beef. The cash flow constraints occur at the two main functions in the supply chain for varying reasons:

- Small farmers are rarely linked to financial services, so they have limited working capital to invest in their feeding operations.
- The recently privatized large and medium slaughterhouses have invested much money in improving their facilities. At the same time, they are trying to control the entire supply chain.

The following areas provide opportunities for the project to address the key constraints with the leading firms supplying the industry. The project is already working on some of these, but not yet in other cases. In many cases there is an overlap with the Dairy support activities, which will improve the synergy between project components.

- Slaughter/Processing:
  - improved efficiency of slaughtering/processing activities;
  - increased value added in meat products;
  - improved sales prices for beef that is being produced and exported (better markets);
  - improving their financial capacity through better business management practices
- Animal fattening – lowering cost of production
  - improve farmer understanding of the fundamentals of their business, benchmarking of costs, and ways to reduce expenses;
  - increase efficiency of feed conversion with existing animals
  - Introduce improved breeds of animals being used for the Beef sector – for example Angus is 8% more efficient than Simmental
  - Upgrading the facilities where the animals are being kept to improve animal health;
- Supply of calves:
  - Improve artificial insemination rates in the dairy industry to generate calves more frequently
  - Strengthening ties between fattening operations and the to the larger dairy farms integrating them into the animal fattening chains.
- Improved financing arrangements within the industry
  - Farmers with fattening operations to access loans directly from banks, rather than slaughterhouses (free-up slaughter house money for their core business).

## Next Steps

- Identify more of the larger slaughterhouses;
- Carry out an evaluation of the impact of the trainings that we have already implemented through Agrar Kontakt
- We have a 250 farmer database from Agrar Kontakt. Expand on this to develop a better database, with greater set of contacts in sector;
- carry out a survey of 25-30 of the animal fattening operations. Survey purpose will determine:
  - actual issues of productivity on the farms (feed efficiency, diseases)
  - sources of inputs used to feed the animals
  - profitability
  - trends on the farms (increase/decrease in size)
  - sources of advice and assistance (embedded from slaughter houses
  - incentives to which the farmers will respond – driving forces.
  - major problems they are encountering.
  - determine the internal management tools that the farmers use to track efficiency of production (growth charts? benchmarking? days to finished product?)
  - Design an activity similar to that which was carried out in the dairy sector this past year that will serve as an action/research program, increasing productivity on a targeted number of farms linked to different types of slaughterhouses (firm contract relationships as well as independent suppliers).

## **Issues in the Artificial Insemination Industry**

Improved artificial insemination will lead greater productivity in both the beef and the dairy industries. Successful, appropriately timed, insemination will reduce the number of days that cows go without milk, increasing their annual yield, and will also speed up the reproductive process for producing calves to supply the fattening industry. Two important aspects of the AI industry are (1) insemination to keep the cows lactating, and (2) upgrading the quality of the herd through improved breeds. This latter is usually less of a focus for the small farmers, while it is critical for the large farmers.

There is a steady supply of AI semen to the farmers and a fairly well structured for the delivery of the service, which is in the process of (officially) expanding as the new legislation will allow technicians and on farm staff to do AI insemination with proper training and certification (but these services are already being delivered by technicians on a regular basis according to some sources). There are some inefficiencies in the system, but overall, there is a solid demand for and supply of services.

## **YOUTH & GENDER – Quarterly Report**

**October 1, 2009 – December 31, 2009**

**Component 1: Increased Efficiency & Competitiveness of Agribusiness**

**OBJECTIVE 1.4: YOUTH ENTERPRISE PROGRAM**

### **Introduction**

One of the main objectives of the Project in Year 3 is to institute a sustainable entrepreneurship-based program that encourages new ideas, fosters information sharing, and strategically prepares youth for success within the Serbian agricultural sector. 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 educational policies and school curricula that will enable student and teacher education across Serbia.

### **Implement the second round of the best Business Plans competition**

- The Project Youth Director and Sector Leads reviewed the submitted Business Plans, and made a preliminary list of potential winners (out of 24 plans, 12 have qualified for further evaluation). Marketing, Grants, Procurement and Environmental specialists will continue the process in Q2. Once completed, the Project will organize a public event to award the selected grantees and proceed to procurement process.

### **Introduce Junior Achievement (JA) programs in high schools**

- The Project intends to issue a grant to the Junior Achievement Serbia (JAS) to introduce its programs in 25 specialized Agriculture high schools across Serbia and work on teacher involvement in the entrepreneurship curriculums. JAS Concept Paper has been approved by the COTR, and the Grants, Procurement and Environmental specialists will complete the grant awarding process in January 2010.
- The services that JA provides to the participants include: curriculum that has been developed internationally and modified to the Serbian context, teachers who are trained annually in JA methodology, as well as the opportunities to 1) participate in challenge days and nationwide competitions, 2) compete for a spot on the team that will represent Serbia in Europe-wide competitions, 3) join the JA Serbia alumni organization, 4) participate in an international event in Belgrade in April 2010 which will feature the involvement of JA programs from more than 20 countries, and 5) integrate into European institutions.

### **Advance Internship Programs**

- In addition to continuing activities on the Internship Program among the high school students, the Project plans to expand its focus to the university students. It was agreed with the PPES and JAS programs to get involved more actively in the process of selecting and preparing students and companies for participating in the Internship Program.

**OBJECTIVE 1.5: OTHER CROSS CUTTING ACTIVITIES**

➤ **ACTIVITY 1.5.4: WOMEN ENTREPRENEURS IN AGRIBUSINESS**

The Project will continue assisting selected groups of unemployed women in becoming future entrepreneurs in agribusiness. The Project's partner Agropress submitted a grant application for continuation of the "Women Entrepreneurs in Agribusiness" program, general training in basic management and marketing skills, as well as specific training in financial management, labor and tax law, competitive pricing and networking.



Within its Year 2 training (March-August 2009), Agropress managed to involve 125 women in 6 regions of Serbia. To measure success, Agropress conducted a random phone survey of 35 participants, and the following results have been reported in this quarter (thanks to participation of these women in the training funded by our Project):

1. Sladjana Stankovic has acquired a new tractor (\$20,000) using the Government subsidy to spread onion production.
2. Duska Petrovic founded association "Horizon" for promotion of cheese from southern Serbia. She also plans to purchase more land and to create a mini-farm of milking cows.
3. Jelena Stojkovic is in the process of constructing a private cold storage and is also taking a lead in establishment a local association of agricultural producers.
4. Dusica Basaraba spread production by planting a hectare of apples and cherries and also bought a tractor.
5. Ljiljana Mihajlovic spread production by planting 1.5 hectares of apples.
6. Milica Viomirov took a commercial loan of \$2,000 to maintain current production.
7. Borka Malenica took a loan of \$1,500 for irrigation.
8. Snezana Miletic founded the Association of Women in Agriculture which has officially participated at the Agricultural Fair organized in Krusevac in September 2009.
9. Snezana Kalabic expanded gentian production by 55 acres.

COTR technical concurrence has been granted for our Project to cost-share organization of the "Fair on Rural Development and Women Entrepreneurs in Agribusiness" in Kragujevac to be coordinated by Agropress late January 2010. The fair will last three days and will consist of an exhibition where the exhibitors will be agricultural producers, small and medium enterprises, associations, service providers, etc. and specialized conferences on the following topics: "Balanced regional development of agricultural sector and women in the rural areas" and "Agriculture and the education system".

## **ENVIRONMENT – Quarterly Report**

**October 1, 2009 – December 31, 2009**

### **I. Introduction & Summary**

Over a three month period, Project efforts were focused on environmental compliance resulting in overall environmental effects of the sub-projects and activities implemented in a past three months, not being adverse. The USAID Agribusiness Project and Environmental Protection Agency of Republic of Serbia have initiated program titled *Environmental Monitoring and Integrated Soil Fertility Management* (EM&ISFM) as overall Project environmental compliance activity. The main purpose of Environmental Monitoring & Integrated Soil Fertility Management activity was to present in a simple, understandable way, complex environmental systems to Project beneficiaries with the goal to develop effective and efficient agro-environmental options for environmental compliance Project issues and to measure progress toward the desired environmental objectives. That was achieved through three main line of actions: a) Diagnosis of existing environmental problems with a prediction of environmental trends in agriculture b) Setting goals for the quality of environment and c) Development of environmental strategies for soil quality conservation. Three major events of EM& ISFM activity were carried out in this reporting period. Start-up phase of Pesticides Safety and Environmental Education/Certification has also been completed.

### **II. Activities Planned & Implemented During the Period**

#### ***Component 1: Increased Efficiency & Competitiveness of Agribusiness***

USAID Agribusiness Project continued to work with its partners to broaden the understanding of impacts of agriculture on the environment. The environmental performance of agribusinesses, as it relates to preservation and enhancement of natural resources, in recent years, has not been seen as a priority in the transitional agenda of the Republic of Serbia. Information on the agri-environmental linkages -use of farm inputs and natural resources, tracking trends in farm input use, including nutrients, pesticides (including risks) or water use was usually fed through policy makers in a relatively ad hoc manner.

Several national surveys showed that agribusiness exerts pressure on environmental media-on soil, water quantity and quality, air quality, biodiversity and landscape quality. Special concern was given to emissions of several polluting substances to the air, notably ammonia (eventually causing eutrophication and acidification of ground and surface water) and the greenhouse gases methane and nitrous oxide. Water pollution, especially around large livestock facilities, is a major problem countrywide, although wastewater treatment facilities are currently being restored in some areas. Biodiversity on farmland is primarily affected by intensification and land abandonment. To minimize increases in environmental pressure associated with higher production intensity in all six subsectors-sectors, in third year of the Project implementation, appropriate corrective actions are put in place. National level implementation and capacity building are seen as key factors for making a success in this regard as well as improved environmental monitoring and reporting.

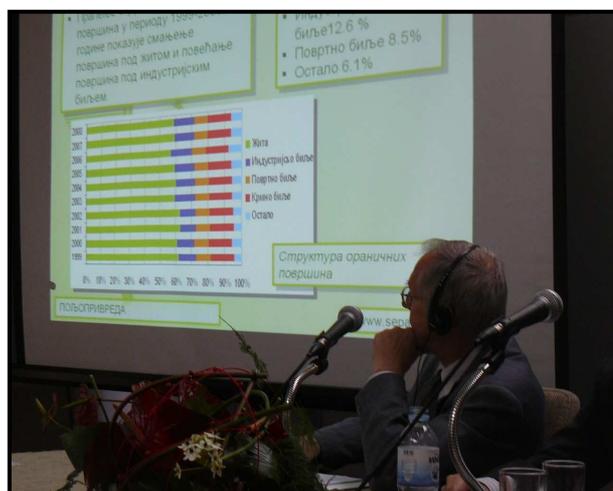
Given the significant pressures on natural resources in Serbia the dynamic state of the environment demands information that is both timely and accurate. Important lesson learned from the USAID Agribusiness Project implementation in past two years was that the Project must serve as the “connective tissue” that links together a multitude of public and private, actors in promoting

environmentally responsible competitiveness enhancing pollution preventive behaviors. Effective decision making and the development of environmental management strategies must be demand-driven and participatory in nature in order to include the many local to national decision-makers and stakeholders. As detailed in our Y3 workplan, taking advantage of this demand required close collaborative relationships with both the Ministry of Agriculture, Forestry and Water Management and the Ministry of Environment and Spatial Planning to coordinate the public messages and environmental policy advocacy and as a consequence, environmental information development to be distributed ensuring that information is reaching all interested parties at many different levels.

Therefore, the Project and The Environmental Protection Agency of Republic of Serbia (SEPA) started cooperation on developing of the system that facilitate efficient environmental control, monitoring, planning, audit and review of the project activities, providing an access to sound, science-based information necessary for implementation of the environmental principles among producers, and ABDS providers from all six AgBiz sub-sectors that USAID Agribusiness project works through. By recognizing the potential to accelerate the delivery of its technical assistance and information, The USAID Agribusiness project has organized in cooperation with MESP, SEPA & MAFWM several sub-activities whiting Environmental Monitoring and Integrated Soil Fertility Management Activity with a special emphasis on agricultural soil and environmental monitoring, along with a capacity building exercises on Integrated Soil Fertility Management for crop-soil consultants, dealers who sell agricultural inputs, soil and water testing laboratories, nonprofit organizations that serve as sources of information for producers, policy-makers and other Project beneficiaries.

### *National Conference on Status of Environment in Serbia*

This Conference was the first event as part of the Environmental Monitoring and Integrated Soil Fertility Management Project being carried out in collaboration with SEPA. During the event the Agency's 2008 annual report on the State of the Environment in Serbia was presented to the interested public. The list of participants and conference presentations may be found at: <http://www.sepa.gov.rs/>



The main focus of the conference was on the diagnosis of existing environmental problems and the establishment of environmental trends in agriculture using the DPSIR<sup>2</sup> Model. This model was adopted by the European Environmental Agency as a mandatory environmental and reporting model for member states. Our efforts in providing technical assistance to agribusinesses depend much on business being able to effectively and efficiently make informed decisions which offently depend upon accessibility of reliable information. This is applicable for environmental matters as well as for every other field of the USAID Agribusiness Project actions. Our Project strongly emphasizes the importance of targeting—that is, attempting to direct technical assistance, educational effort, financial resources, at those regions of Serbia where soil degradation or water pollution are most severe. For us is also important to target those farm and agribusiness enterprises

<sup>2</sup> The DPSIR Model, adopted by the European Environmental Agency, is one of the frameworks based on the concept of causality chains for data synthesis, which links environmental information using indicators of different categories (Driving forces, Pressure, State, Impacts and Responses) (UNEP/RIVM, 1994; RIVM, 1995)

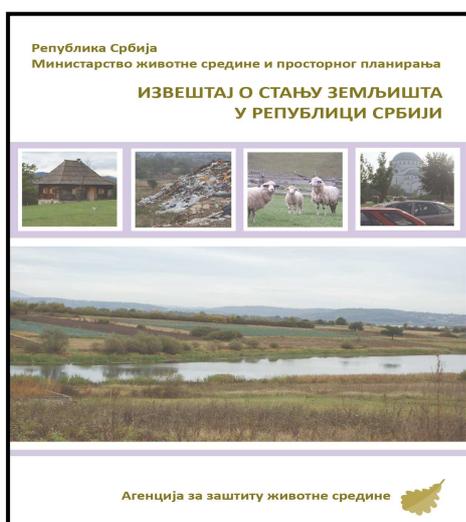
that cause a disproportionate amount of soil, water and air quality problems. The inability or unwillingness to target policies and relevant responsible entities, whether voluntary or non-voluntary, at problem areas and problem farms and companies is a major obstacle to preventing soil degradation and water and air pollution. Policies that encourage or mandate the collection and use of environmental information by the agro and other-businesses may prove more effective than encouraging or mandating the use of specific agro-technical measures and practices. Many factors influence farmer's and businesses choices including market prices for inputs and products, the cost of new technologies, the labor and capital available to the producer, agricultural policy, environmental regulations. The inadequacy of empirical data and predictive models of producer behavior and the diversity of enterprises that make up the agricultural sector make it difficult to point the precise effect of alternative policies on the behavior of producers. General understanding of the factors that influence producers' decisions can guide the development of national policies. In that light, EM&ISFM Activity and its Conference on State of Environment have been seen as building stone in USAID Agribusiness Project efforts to focus on providing assistance to the project clients in ways that protect fundamental environmental resources.

### *Capacity building workshop on effective use of environmental data in agriculture*

Two-day workshop was designed to ensure the effectiveness of use of environmental data in agribusiness for the core group of 20 environmental experts representing SEPA, Ministry of Environment and Spatial Planning of Republic of Serbia and relevant high schools. In this respect, the workshop has called upon expertise and commitment of environmental specialists, agencies and authorities. The training focused on preparing and giving presentations, briefings, speeches and press statements. The training agenda included following topics:



message design, speech organization and preparation, audience assessment, effective use of visual aids and message reinforcement and preservation. The training has helped the participants to develop a new set of skills needed for effective work with clients from the agribusiness sector. The methodology applied included theoretical classes and practical exercises with a use of necessary PC/audio-video equipment. All participants were genuinely interested in the subject and in being trainers. They have a wide spectrum of knowledge and experience, both theoretical and practical with a good mix of practitioners, managers and decision makers which contributed positively to the group discussions, enriching the debates throughout the training course. The composition of the group was not gender balanced (15 women and 5 men)



Following the completion of this training, Under the EM&ISFM Activity, the Project completed design of the publication on Soil Status in Serbia. This is first holistic assessment of the soil quality in Serbia that is a part of integrated soil quality monitoring system to be established with the Project support in the coming months as a follow up activity. Presentation of the publication will be organized in January 2010 as

part of the workshop on Soil Fertility Management that will focus specifically on the development of environmental strategies for soil quality conservation.

In a past three months the Start-up phase of the Pesticides Safety and Environmental Education/Certification has also been completed.



# **USAID Serbia Agribusiness Project**

## **Quarterly Report – Year Three, Quarter One**

**October 1, 2009 – December 31, 2009**

### **Annex 4 – Enabling Environment Report:**

**OBJECTIVE 2.1: IMPROVING ACCESS TO MARKET INFORMATION**

ACTIVITY 2.1.1: STRENGTHEN THE SERBIAN MARKET INFORMATION SYSTEM (STIPS)

ACTIVITY 2.1.2: DEVELOP FARM ACCOUNTANCY DATA NETWORK CAPABILITIES

ACTIVITY 2.1.3: ORGANIZE TARGETED AGRICULTURAL STUDIES/SURVEYS

**OBJECTIVE 2.2: FACILITATING LEGAL & REGULATORY REFORM**

ACTIVITY 2.2.1: SUPPORT LEGISLATIVE & POLICY REFORM COORDINATION

ACTIVITY 2.2.2: SUPPORT NEW AGRIBUSINESS POLICY IMPLEMENTATION

# AG INFORMATION & POLICY – Quarterly Report

## October 1, 2009 – December 31, 2009

### Component 2: Improved Enabling Environment for Agribusiness

#### OBJECTIVE 2.1: IMPROVE CROP & LIVESTOCK PRODUCTION ESTIMATES, MARKET PRICE INFORMATION, AND PROVIDE SUPPORTING STUDIES TO THE GOS

##### Task 2.1.1: Strengthen the Serbian System of Market Information in Agriculture (STIPS)

The Agribusiness Project, in cooperation with the Ministry of Agriculture continued with implementation of the project for improvement of the agriculture market information system (STIPS) ([www.stips.minpolj.gov.rs](http://www.stips.minpolj.gov.rs)), which was initiated during the Year 2. The project consists of two components: 1) 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 (during the period May 2009 to February 2010) and 2) improvement of software of the agriculture market information system.

**Activity 2.1.1.1:** Over the quarter, the Agribusiness Project worked with the STIPS Working Group and the ABDS provider “Agromreza”, on implementation of the project “Market analysis, utilization of information from the STIPS and basics of marketing”. The experts of the ABDS provider “Agromreza” held six educational seminars about the agriculture market information system, basics of marketing of agricultural products and latest developments in the agricultural market in Serbia and in the region. The seminars were held in Novi Sad (October 16 and 17, 2009), Pancevo (October 21 and 22, 2009), Sombor (November 13 and 14, 2009), Sremska Mitrovica (November 20 and 21, 2009), Subotica (December 11 and 12, 2009) and Zrenjanin (December 17 and 18, 2009).



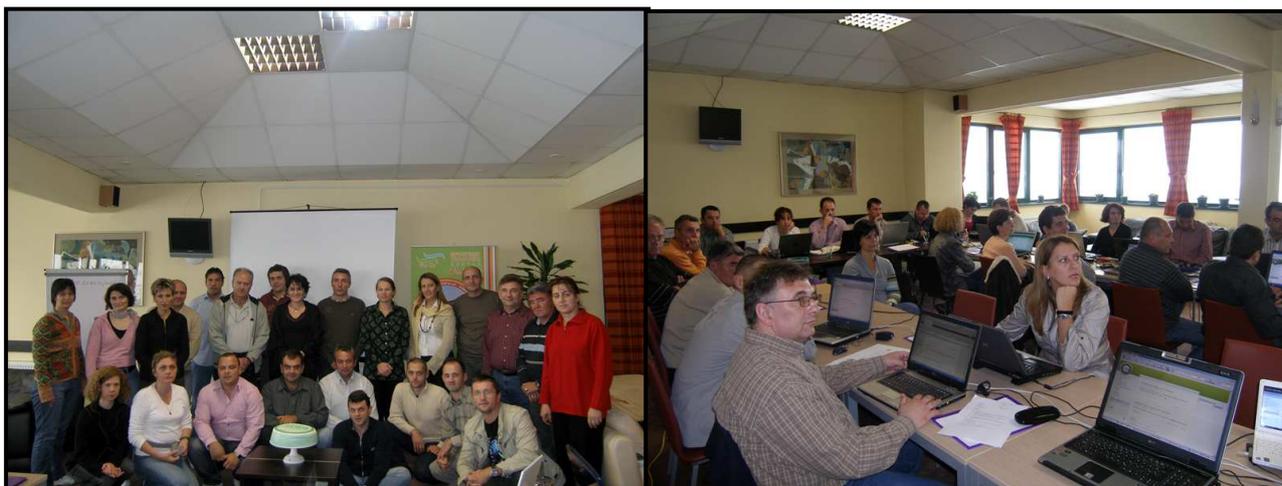
More than 150 farmers analyzed the developments in the agricultural markets in the region and in Serbia, based on the information available through STIPS. Specific emphases were given on analysis of the agricultural markets for commodities produced in regions in which seminars were conducted. Also, farmers were thoroughly trained in the use of information available through STIPS, including information type, structure, manner

of accessing information, and analysis possible based on the available information (e.g. formation of prices, price structures, alternative markets, and trends in supply and demand, optimal prices of inputs and commodities, production volumes, market surplus, etc).

The experts of the ABDS provider “Agromreza”, with the assistance of the Ministry of Agriculture and Agribusiness Project have developed the educational materials for seminars that encompass: 1. Informational booklet on STIPS; 2. brochure Marketing and Promotion of Agricultural Products; and 3. brochure Agricultural Product’s Market. The publications are also available at the Project’s

website: <http://www.agrobiznis.net/serbian/30/resursi/>. The photo above shows one of the education publications prepared for the seminars.

**Activity 2.1.1.2:** The framework for the implementation of the second component of the project for improvement of STIPS is set by the Memorandum on Cooperation signed by the Ministry of Agriculture, Agribusiness Project and the ABDS provider Radionica Krug in September 2009. During the quarter, the ABDS provider “Radionica KRUG” completed work on improvement of the agriculture market information system’ software. The work encompassed the following: 1. reorganization and redesign of the STIPS website; 2. improvement of the news system; 3. rebuilding the online price database system; and 4. development of the client server application for report analysis.



In order to facilitate work with the improved system, the ABDS provider “Radionica KRUG” held a two-day training (pictures above) on features of the new software for 25 stakeholders directly involved in operation of the system. The training was organized in the period October 12 to 14, 2009 at hotel WAI TAI at Zlatibor. STIPS reporters from 18 extension offices, designated as reporting centers for STIPS, managing authorities for STIPS from the Ministry of Agriculture and Institute for Applied Science in Agriculture (IPN) were informed about the modifications made to the STIPS software and database, trained in the system use, data entering and generating reports based on the modified software and STIPS databases. In addition, participants conducted the SWOT analysis to determine the directions for further system improvement. The information about the training is also available at the website of the Ministry:

<http://www.stips.minpolj.gov.rs/article.php?sid=1208&mode=thread&order=0>

### **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**

During the quarter, the Agribusiness Project’s policy team conducted preparatory activities for development of the Study on Impact of Weather Conditions on Agriculture in Serbia and Modalities of Anti-Hail Protection. Preparatory activities encompassed development of the initial scope of work for the study, meetings with the representatives of the Ministry of Agriculture, representatives of IFC and experts in hail protection. More thorough work on the study is expected during the next two quarters, as planned.

**OBJECTIVE 2.2: FACILITATE LEGAL, POLICY, AND REGULATORY REFORM**

**Task 2.2.1: Study on the Impact of International Integration of Serbia on Agricultural Sector**

During the quarter, the Agribusiness Project's policy team conducted preparatory activities for the development of the Study on the Impact of International Integration of Serbia on Agricultural Sector. The preparatory research activities encompassed gathering of the necessary documentation including texts of the agreements, compiling of the excel sheets containing parallel information on MNF tariffs, SAA tariffs, tariffs and tariff rate quotas under the free trade agreements and most recent trade data per tariff headings, as well as development of the initial activity overview. Since Serbia started unilateral implementation of the Interim Agreement on Trade and Trade-Related Matters as of February 1, 2009, and on December 7, 2009, the EU made a decision on unfreezing the Interim Trade Agreement, the Agribusiness Project's policy team prepared overview of the SAA and Interim Agreement, outlining general information and implications from application of these agreements. The document has been publicized on the Project's website:

[http://www.agrobiznis.net/documents/RS\\_Overview%20of%20the%20SAA%20and%20Interim%20Agreement.pdf](http://www.agrobiznis.net/documents/RS_Overview%20of%20the%20SAA%20and%20Interim%20Agreement.pdf).

More thorough work on the study is expected during the next two quarters, as planned.

**Task 2.2.2: Preparation of the Guide Book on Integration of Serbia to the EU and CAP**

The Agribusiness Project's policy team developed the activity overview for preparation of the Brochure on Integration of Serbia to the EU and CAP, in cooperation with the Ministry of Agriculture. The brochure outline has been agreed with the department for EU integrations of the Ministry of Agriculture. The main purpose of the brochure is to make the EU issues as closer as possible to the average Serbian farmer, and to make farmers more familiar with the rules and obligations within the European single market in the field of agriculture. The brochure will provide information about the Common Agricultural Policy of the EU, status of Serbian integrations to EU and main effects of integration process on the agricultural sector. In addition, the brochure will focus on farmer's rights and obligations arising from the upcoming EU accession and will give an overview of the system that will be in place in the accession period and at the time of Serbia's full EU membership status. This will include perspectives of the agriculture direct payments, rural development policy and market mechanism measures, with intention to prepare Serbian farmers for the expected impact on their budget and planning. In addition, the brochure will provide answers to specific questions and concerns of farmers with regard to the implications of the integration process on agricultural sector. The Agribusiness Project's policy team is now in the process of selecting the appropriate consultant that will be responsible for preparation of the brochure. The work on the brochure will continue during the next quarter, as planned.

**Task 2.2.3: Provide support to legislative and policy reform coordination**

- The Agribusiness Project launched the Program of Support for Agribusinesses in Serbia for Improvement of the Food Safety and Quality Systems on December 21, 2009. The primary goal of the Program is to enhance the process of introduction and certification of international standards through provision of professional and financial assistance. This Program will contribute to the improving the quality and competitiveness of Serbian agricultural products, and thus facilitate their sales in the world market. Funds from this Program will be designated for financing up to the 50% of the costs for consulting services and up to the 70% of cost of certification services for the following standards:

1. good agricultural practice in accordance with **GlobalGAP** standard;
2. environment management system–**ISO 14001**;
3. food safety management system– **ISO 22000**;
4. organic production – **Organic**;
5. market specific standards: **IFS** and **BRC**.

The deadline for submitting applications is March 1, 2010. The Project distributed information about the Program to various national and local media, LED and USAID offices, Serbian and Belgrade Chambers of Commerce. The Program has been structured based on the survey of potentially interested agribusinesses about their plans and expectations regarding introduction of international quality and safety standards to their businesses. It has also been agreed that the representatives of the Ministry of Agriculture will participate, as a non-voting member, in the meetings of the Reviewing Committee that will evaluate the received applications under the Program. In addition, representatives of the Agribusiness Project will have the same role in the program on international standards for 2010 that will be launched by the Ministry of Agriculture. Relevant Program documentation is available at the Project's website:

<http://www.agrobiznis.net/serbian/31/nabavke/>.

- The Agribusiness Project's Senior Policy Advisor was nominated as the member of the GlobalGAP Working Group established on December 7, 2009 by the Ministry of Agriculture. The Working Group has been formed following the initiation of the Swiss-Serbian Trade Cooperation Program on Technical Assistance in the Field of GlobalGAP. The Working Group should facilitate coordination of activities related to GlobalGAP and other quality standards; develop the strategy for introduction of the quality standards within the farming community; address the priorities, needs and concerns of farmers and agribusinesses with respect to quality standards; and potentially become the GlobalGAP National Technical Working Group. The chairman of the Working Group is the representative of the Ministry of Agriculture, while members encompass representatives of donors, exporters, service providers, large-scale farmers, processors, representatives of the extension service and the Accreditation Body of Serbia. The GlobalGAP Working Group will meet at least semi-annually to review the implemented and plan future activities regarding this standard.
- The Agribusiness Project's Senior Policy Advisor and Berry Fruit Sector Lead participated in the sixth RCI Agribusiness Workshop that took place in Skopje, Macedonia on November 10, 2009. More than 30 participants representing the USAID missions and agribusiness projects from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Bulgaria and Serbia, UNDP Serbia and service providers from Bulgaria attended the workshop.



The discussions covered four main topics: regional market information systems in agriculture; preparation for EU accession; enhancing regional exports; and information exchange. The Project's Senior Policy Advisor presented the Serbian experience with market information system in agriculture and Project's activities to enhance this system; as well as policy measures identified in the Study on the Impact of Global Economic Crisis to Serbian Agribusiness as a suitable tool to mitigate the negative effects of the crisis.

- The Agribusiness Project’s Senior Policy Advisor assisted the Ministry of Agriculture with drafting the answers to the Australian questions received in the course of accession to the World Trade Organization. The questions were received following the 7<sup>th</sup> Working meeting Party on accession of Serbia to the WTO held in July 2009 in Geneva. The questions have primarily dealt with the domestic support programs and export subsidies in agriculture during the accession period, import licensing procedures and technical regulations in agriculture.
- The Agribusiness Project’s policy team prepared information on the Memorandum on Safety of Plant Products Exported from Serbia to Russia. The Memorandum prescribes that shipments of plant products exported to Russia must be accompanied with the report on the laboratory testing on levels of pesticides, nitrate and nitrite residues in plant products, and fulfill safety requirements prescribed in the Russian legislation. The Project, in coordination with the National Association “Fruits of Serbia”, informed Serbian fruit growers and exporters about the requirements prescribed in the Memorandum, authorized laboratories eligible to perform controls, as well as Russian requirements with respect to allowed levels of residues of pesticides, nitrate and nitrite residues in plant product.
- The Agribusiness Project and the Ministry of Agriculture jointly prepared the promotional video on Serbian agriculture that presents potentials of the agricultural sector, focusing on comparative and competitive advantages of Serbian agribusinesses. The purpose of the video is to inform all relevant stakeholders on the features of the agribusiness and widely promote the potentials of doing business in Serbian agriculture.



In order to facilitate further dissemination of the video the Project funded preparation and cover design of 2,000 DVDs with the video through the selected service provider Klik Print. The Ministry of Agriculture will use this video to promote Serbian agribusiness at the 75<sup>th</sup> International Fair “Green Week”, which will be held in Berlin, Germany in the period January 15 to January 24, 2010. The Ministry of Agriculture will continue using the video at international and domestic fairs, investment conferences, workshops, seminars and bilateral or multilateral meetings with representatives of foreign governments, or ministries of agriculture.

- The Agribusiness Project took part in the four-day conference entitled “Improvement of the Extension and Advisory Work” organized by the Extension Service of the Ministry of Agriculture, IPN and USDA in the period December 1 to December 4, 2009 at Zlatibor. The Project’s COP presented initiatives and activities of the Project aimed at developing sustainable agriculture service provider’s network, and viable enabling environment that would enhance competitiveness of Serbian agribusinesses. More than 150 representatives of agricultural extension offices from Serbia, USA, EU and the region, USDA, scientific institutions shared their views on the modalities for organization and improvement of the extension and advisory work. In addition, the Senior Policy Advisor had a presentation on Project’s policy related work, enabling environment and agriculture policy measures at the Counseling of Agro-Economists of Serbia. The purpose of the counseling was to discuss the agrarian and rural policies in Serbia, sustainability of implemented measures and propose agrarian policy measures to be

implemented during 2010 to the Ministry of Agriculture, as well as to celebrate the World Food Day.

- The Agribusiness Project worked with the Ministry of Agriculture, National Association Serbia Organica, GTZ and other donors on development of the National Action Plan for organic production, outlining specific goals and activities aimed at enhancing organic production in Serbia. During the quarter, the Project took part in four coordinating meetings/conferences for development of the National Action Plan. The Project committed to provide support in the area of policy measures, association development, marketing and promotion in organic production. In the policy area, the Project will cooperate with all relevant stakeholders to remove limiting requirements related to importation of fertilizers for organic production and regulate the process of certification of organic production. In addition, in cooperation with the National Association Serbia Organica and GTZ, the Project will prepare the guide for organic operators (farmers, processors, traders, including exporters) on legislative requirements in organic agriculture. In order to enhance the organic production, the Project included Organic Standard in the ongoing Program of Support for Agribusinesses in Serbia for Improvement of the Food Safety and Quality Systems initiated in December 2009.

#### **Task 2.2.4: Support policy implementation**

**Activity 2.2.4.1: Warehouse Receipts (WHR)** – During the quarter, the Agribusiness Project worked with the Ministry of Agriculture on defining the framework for full implementation of the warehouse receipts system in Serbia. Several meetings took place during the quarter gathering representatives of all parties interested in supporting the WHR system, namely, Ministry of Agriculture, FAO, EBRD and USAID. It has been agreed that the future work will be structured around nine modules of activities that would fulfill the following tasks:

1. Provision of the technical assistance to the Ministry of Agriculture and training the key government stakeholders in order to (a) finalize the establishment of the WHR system structural components (licensing and inspection, indemnity fund, electronic register for the warehouse receipts) and (b) develop strategy and introduce support measures for future development/expansion of the WHR system;
2. Creation of the necessary knowledge base within the local financial community to enable WHR-based large scale financing on a and provide opportunity for the EBRD to cooperate with local commercial banks on earmarked credit lines for WR financing;
3. Increasing the awareness of private sector participants – farmers, traders, warehouse operators and processors – on the benefits of using WHR system and help them develop the necessary knowledge base for a proper utilization of the system.

More concrete work on the WHR system will occur during the next quarters, as planned.

# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

October 1, 2009 – December 31, 2009

## **Annex 5 – Agribusiness Grant Program**

### **Objective 3.1: Agribusiness Grant Program**

Activity 3.1.1: Establish & Manage the Agribusiness Grant Program

Activity 3.1.2: Award Investment Incentive Grants to Client Firms

Activity 3.1.3: Award Capacity Building Grants to POs and ABDS firms

Activity 3.1.4: Award Youth Enterprise Grants to Selected Students

## **GRANT PROGRAM – Quarterly Report**

October 1, 2009 – December 31, 2009

### **Component 3: Program Management & Administration**

#### **OBJECTIVE 3.1: AGRIBUSINESS GRANT PROGRAM**

##### **➤ ACTIVITY 3.1.1: ESTABLISH & MANAGE THE AGRIBUSINESS GRANT PROGRAM**

Pursuant to the Task Order (page 9), the Grants Manual has been updated so as to assure consistency with the strategic objectives of the Agribusiness Project in Year Three, and with the approved budget realignment. The updated version has been included as an annex to the annual work plan submitted to USAID for review and approval.

Revisions in the Grants Program were primarily driven by the current financial crisis, and the resulting unfavorable business environment for new investments (high interest rates, lack of credit programs for agribusinesses, reduced subsidies for agribusinesses, etc.). Accordingly, the Project has decided to use the grant program to adequately address these issues in the selected sub-sectors, and develop the capacity of producer organizations and ABDS providers for delivering general benefit services to their members and clients. Despite the revisions to the Grant Manual, the Grant Program continues 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 USAID Standard Provisions applicable to Non-U.S. Non-Governmental Recipients.

During the reporting period, the Agribusiness Project grants review committee approved 23 investment incentive grants with total grant funding of \$397,402. With these grants the recipients plan to invest an additional \$714,828 of their own funds to complete the activities proposed for these grant programs. In addition to these 23 grants, an enabling grant concept paper, with a total budget of \$21,000, has received preliminary approval. Following this preliminary approval a detailed grant application was submitted at the end of December.

To date, the grant review committee has approved a total of 74 grants. Twenty grants have been successfully completed; ten grants were completed during the reporting period, and details regarding these grants are included in this section of the report. Unfortunately, three vegetable growers and an agricultural cooperative, whose grant applications for the introduction of GlobalGAP were approved for funding, cancelled their grant agreements during the quarter. In summary, there are currently 50 approved grant-supported projects (including seven youth grants) in various stages of implementation, and which are scheduled to be completed between January and June 2010. These grant-supported projects are primarily designed to support the marketing and promotion of Serbian food products, as well as introduction of international food safety and quality standards.

##### **➤ ACTIVITY 3.1.2: AWARD INVESTMENT INCENTIVE GRANTS TO CLIENT FIRMS**

During the reporting period, the Agribusiness Project grant review committee approved 23 grant applications submitted in the previous quarter for the investment incentive grants scheme, which was specifically designed to support marketing and promotional efforts. The

approved grant applicants expect to utilize grant funds totaling \$397,402 (which represents 35.7% of the total activity costs) for the design of new packaging for various purposes. The grant programs include the following activities:

- New packaging and labeling to allow companies to shift from bulk to retail sales;
- New marketing and promotional materials to follow new market trends;
- New logos and visual identities for companies, and their products;
- The design of marketing materials for both the export and domestic markets e.g. catalogues, leaflets and other promotional material;
- Website design and other activities aimed at improving the marketing and promotional activities of agribusinesses.

Based on the grant proposals, it is expected that these 23 agribusinesses will generate additional revenue totaling \$11.2 million, and they will create 210 new jobs.

Pursuant to USAID approval requirements, Information Resource Management (IRM) approval must be secured prior to utilizing USAID funds for website development and other IT-related activities. Following the final approval of these grants, the Grants Manger developed a questionnaire to simplify the data collection process with the grantees. The questionnaire was distributed to ten such grant recipients; and whereas the questionnaire is very technical, the grant recipients were instructed to ask their service providers (for web site design) to fill out the questionnaire. The questionnaires, which are properly filled out with all the necessary data will eventually facilitate the IRM approval process. Nonetheless, some of the grant recipients have initiated their grant activities (other than web-site design) upon grant award notification, but most of them required additional time (thru March-April 2010) to successfully complete all their planned activities assuming IRM approval is received in the near future. Further, Mr. Jeff Spear, an international marketing consultant, engaged at the beginning of this grants program to assess the capacity of service providers, as well as to evaluate and validate the grant applicants' marketing ideas, visited several grant recipients and their service providers during the month of December, as to review the marketing material and design solutions developed to the date.

In addition to these ongoing investment incentive grants, eight Serbian agribusinesses completed their investment incentive grant supported activities during the reporting period. Thanks to the Agribusiness Grants Program, four Serbian fruit and vegetable producers (ABD-Prom, Atos Vinum, Grow Rasad and Zdravo Organic) introduced GlobalGAP; Greeny introduced both GlobalGAP and ISO 22000; while Turkovic, a meat processor from Southern Serbia (Sandzak Region) introduced ISO 22000, as one of the first in this sector. Also, the Agricultural Innovation Center, an ABDS provider from Arilje, has been ISO 17025 certified and accredited to conduct official soil and water testing and analysis. Finally, Bilje Borca has successfully completed redesign of their tea packages and labeling, and has already generated additional sales at domestic market in the amount of \$180,000 and export in the amount of \$92,000; and an additional 3 jobs have been created in the grantee's production facilities.

➤ **ACTIVITY 3.1.3: ENABLING GRANTS TO ENHANCE DELIVERY OF PUBLIC GOODS**

Following the COTR's preliminary technical concurrence to the unsolicited concept paper, Junior Achievement Serbia submitted a full grant application and other supporting documents necessary for final review and approval. According to the grant application, Junior

Achievement Serbia plans to utilize grant funds of \$21,100 to integrate an additional 25 agriculture schools throughout Serbia, into a comprehensive extra-curriculum educational program, which covers the topics such as creation of a company, management and operations, applied economics, a computer simulation called “Titan” that allows "companies" of students to compete against one another as they manufacture and market the same products, doing business internationally i.e. *Enterprise without Borders*, financial market and banking sector, business ethics, etc. Through such a business education program, Junior Achievement Serbia raises the awareness of Serbian youth regarding their personal and professional capabilities and potentials, enhances their capacities and their competitive advantage in the job market as qualified employees and future business owners. Also, this program enables Serbian educational and youth development systems to address the youth employment needs in a better way and facilitate involvement of the private sector in these issues. Junior Achievement Serbia’s business education will add value to the existing youth program implemented by the Agribusiness Project in those 25 schools and should contribute to the activities pertaining to the Youth Business Plan Competition in Project Year Three. Once the required assessments and internal reviews are completed, a grant review committee will be scheduled for final review and approval.

During the reporting period, two Serbia-wide training programs supported through the Agribusiness Grants Program were successfully completed:

- (1) *Taurus Agro Consulting* completed a training and advisory program named “Fostering Innovation and Quality Dairy Campaign,” which covered a number of dairy stakeholders throughout Serbia, including 80 farmers and 7 ABDS providers (Vet Station Vrsac, Vet Station Guca, Maxi Farm, Educational Center for Rural Development from Zrenjanin, Lucar Holstein Farms from Deronje, Evrolek from Sabac and CRR Novi Kneževac). However, the key target group consisted of 50 commercial dairy farms operating as businesses with more than 5 milking cows and portable milking equipment. The training program assisted dairy processors to help their farmer suppliers improve the quality and quantity of their milk production. This training and advisory program directly contributed to a 37% increase in the number of cows at participating farms, and milk sales to the processors increased by 450,749 liters of milk (a 57% increase). The quality of the milk also noticeably improved, with the average milk fat increasing by 3.4%, and the average protein content increasing by nearly 2%. Based on preliminary data, these improvements have resulted in a \$220,000 increase in milk sales revenue for participating farms, two new farms were established, and an additional 14 jobs were created with the Project assistance; and
- (2) The Agricultural Innovation Center in Arilje successfully completed a training and advisory program on blueberry growing, which included topics such as plant development, post-harvest cleaning, pruning and fertilization of the blueberry farms and protection from diseases, pests and weeds, etc. According to the final report, the training on blueberry production generated significant interest throughout Serbia; and 500 copies of a guidebook on blueberry production was prepared by the Agriculture Innovation Center and distributed to the attendees. The Agricultural Innovation Center provided free-of-charge water and soil analysis to 138 farmers interested in blueberry production.

➤ **ACTIVITY 3.1.4: AWARD YOUTH ENTERPRISE GRANTS TO SELECTED STUDENTS**

During the reporting period, the USAID Agribusiness Project completed the procurement process for three youth grants – Business Plan Competition winners – who requested agriculture equipment for their start-up businesses (greenhouses, components for the small-scale irrigation systems, etc.). Following the RCO approval, the procurement process for the remaining four youth grants will be conducted accordingly.



# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

October 1, 2009 – December 31, 2009

## **Annex 6 – Project Communications**

### **Objective 3.2: Project Communications**

Activity 3.2.1: Develop & Implement a Project Communication Strategy

Activity 3.2.2: Create and Manage an Agribusiness Project Web Site

# COMMUNICATIONS – Quarterly Report

October 1, 2009 - December 31, 2009

## Component 3: Program Management & Administration

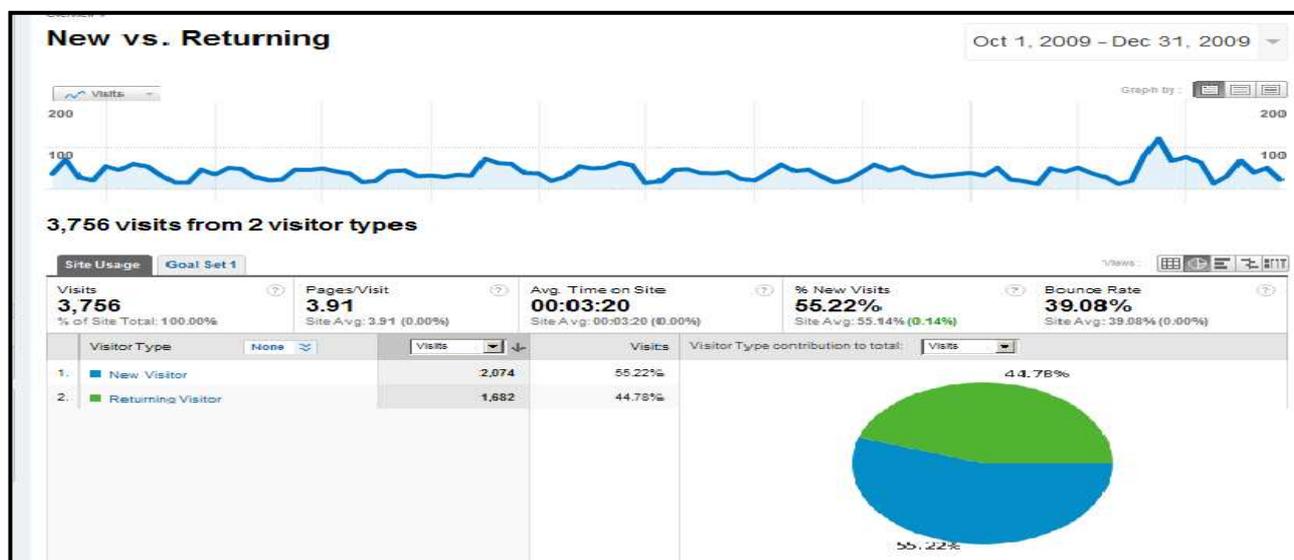
### OBJECTIVE 3.2: PROJECT COMMUNICATIONS

#### Activity 3.2.1: Develop & Implement a Project Communication Strategy

As media are one of the key target groups within the Project Communication Strategy, a continuous effort has been made to inform them of Project activities and results. A number of tools are being used in this effort: Press Releases, Media Invitations and Advisories, Media room and the News segment on the Project web site, as well as sharing updates with the Association of Agricultural Journalists 'AGROPRESS'. Due to the excellent cooperation with AGROPRESS, information on Project activities are shared among the Association's members. In order to assist the media in their work, and to share with the general public quality information regarding project implementation – the RESOURCES page of the website is continuously updated with new materials: publications, presentations, research papers, and documents. To mention some of the most recent ones: Overview of the SAA and Interim Agreement, Marketing in agriculture, Ozone generators as a new technology in crop storage etc.

The web site is also used as a tool to inform the media, and the general public, regarding relevant upcoming events (for example: the Fruitlogistica and Biofach international fairs, and the Rural development fair in Kragujevac), and ongoing Requests for Proposals (the latest one being: the Program on International Food Quality and Safety Standards). Overall, the Project website has proven to be an effective and reliable means of providing Project information to various project target groups. Significant increases in the number of new, unique, visitors to the web site, as well as a steady number of returning visitors, shows that the web site offers up to date, relevant, and beneficial information to its visitors.

- The website was visited by **3,756** people during the first quarter (Oct-Dec 2009)
- Of this number, **55%** (2,074) were **new visitors**, as shown in the graph below.



There were **2,276** unique visitors this quarter, which was nearly 1,350 more unique visitors than was recorded during the previous quarter (see the parallel visitors' overview below).



Due to continuous and focused efforts devoted to maintaining good media relations, the Project continued to receive extensive local and international media coverage.

**Media Coverage:**

<b>OCTOBER</b>			
<b>Print</b>	<b>TV</b>	<b>Internet</b>	<b>TOTAL</b>
<b>10</b>	<b>4</b>	<b>8</b>	<b>22</b>
<b>NOVEMBER</b>			
<b>Print</b>	<b>TV</b>	<b>Internet</b>	<b>TOTAL</b>
<b>5</b>	<b>6</b>	<b>1</b>	<b>12</b>
<b>DECEMBER</b>			
<b>Print</b>	<b>TV</b>	<b>Internet</b>	<b>TOTAL</b>
<b>7</b>	<b>7</b>	<b>11</b>	<b>25</b>

**Media Coverage Breakdown by Event/Activity:**

**During the month of October:**

- Business Skills Training Program organized by the USAID Agribusiness Project (3)
- USAID Agribusiness Project & AGROPRESS Women Entrepreneurs Program (2)
- National Agribusiness 2010 Conference organized in partnership with AGROPRESS and the support of the Ministry of Agriculture. (6)
- Success of Serbian exporters during International Fairs in Germany and Russia. (9)
- USAID and the Republic of Serbia Ministry of Agriculture initiate a nation-wide project for improvement of the Agricultural Market Information System (STIPS) of Serbia. (1)
- Foodland – a success story – mention of the Project support (1)

**During the month of November:**

- Accreditation and ISO standard certification for the Agricultural Innovation Center in Arilje, completed with the Project support (2)
- Successful participation of Serbian companies at the Anuga International Trade Fair, with Project support (2)
- National Conference on Agribusiness in Serbia in 2010 - International integrations and perspectives – organized by AGROPRESS, with the support of the Ministry of Agriculture and the Project (1)
- Fifth anniversary celebration of the AGROPRESS Association, and the cooperation with the USAID Agribusiness project (2)
- The Ethno Food Fair in Belgrade – mention of Agribusiness Project support (1)
- Project support for Women in Agribusiness and AGROPRESS (1)
- Informing the public on Project goals and results – TV interview with Remer Lane (1)
- Project support to one of the blueberry cooperatives (1)
- Presentation of Report on status of environment in Serbia- Project supported the National Conference on the Status of the Environment (1)

**During the month of December:**

- Announcement of the forthcoming Agribusiness Project supported Rural Development Fair in Kragujevac (9)
- Call for Proposals – Program for the introduction of, and certification in, international food quality and safety standards (7)
- Launch of the USAID Agribusiness Project’s Training Program for cooperatives (4)
- Fifth anniversary of the AGROPRESS Association and its cooperation with the USAID Agribusiness Project (1)
- Mention of successful cooperation with the Project within the interview of President of the AGROPRESS Association (1)
- A success story on Lazar Dairy and cooperation with the Project (1)
- Successful participation of Serbian companies at the Anuga International Fair, with Project support (1)
- Promotion of the Project - interview with Remer Lane (1)

**Project Sponsored or Hosted Media Events:**

Over the course of the quarter, the Project organized, and/or took part in, numerous public events which generated positive press coverage, and which provided the USAID Mission and the Embassy with opportunities to participate. These events included the following:

- **Award of Certificates to the participants of the Business Skills Training Program:** This event took place on October 23<sup>rd</sup> at the Hotel Zira in Belgrade. Mr. James Stein, the Economic Growth Office Director from USAID presented the certificates to participants in this program, which trained 103 individuals, representing 45 Serbian companies. These participants came from all six of the Project sub-sectors, and they received training in the following business areas – marketing, sales, and finance. Several media outlets covered this event and included it in their reporting.
- **Opening of the National Conference on the Status of Environment in Serbia:** On the 11<sup>th</sup> of November 2009, in Belgrade, the Project organized this Conference, in collaboration with the Ministry of environment (the Assistant Minister participated in the opening

ceremony at the event). The annual report on the State of the Environment in Serbia was presented to the public. This event received national and local (Pancevo) media coverage.

- **AGROPRESS Annual Cocktail – Fifth Anniversary Celebration:** As one of the AGROPRESS Association's most important partners – the Agribusiness Project was invited to take part in this event which was held on November 18<sup>th</sup> in Belgrade. Ms. Marilynn Schmidt, the Deputy Mission Director from USAID, who is an honorary member of AGROPRESS, gave the opening speech and two interviews to national media on this occasion. The significant contribution being made by the Project to the Serbian agribusiness sector was emphasized by the Serbian Minister of Agriculture, as well as by Association representatives and other speakers at the opening ceremony. This event received considerable media coverage.

#### **Other Media Coverage Generating Activities:**

- **International Fairs**

**The ANUGA Fair in Cologne** took place from the 10<sup>th</sup> to the 14<sup>th</sup> of October. Media related activities included a local (Serbian) and an International Press Release. The International Press Release was distributed a few days prior to the beginning of the show, together with the Buyer Invitations. The Marketing Department mailed Buyer Invitations to targeted buyers. The Local Press Release was distributed a day prior to the beginning of the fair, as well as after the fair, and it included information regarding the impact of the trade fair on the participating businesses. The Web site News section was also updated with this info.

In preparation for the **forthcoming Fruit Logistica (3-5 Feb) and Biofach (17-20 Feb) fairs** – full color advertisements were prepared – one page for Fruit Logistica and a half a page for Biofach, which will appear in the next edition of Eurofruit magazine, an international trade magazine covering mainly the EU market. The aim of this marketing activity is to support the participation of Serbian companies in these two fairs, by drawing attention of potential buyers to the participating by Serbian companies and informing them of the location of the Serbian stands.

- **Call for Proposals:**

In order to promote the new Program on international standards – a series of advertising and public relations activities and events were implemented. An advertisement was placed in the daily newspaper Politika, and all the documentation on the program was made available on the Project web site. A Press Release was sent out to Serbian news agencies, and to selected media, and the News section on the web site was updated as well. These efforts resulted in extensive media coverage, and a spike in the number of new visitors to the Project web site.

# **USAID Serbia Agribusiness Project**

Quarterly Report – Year Three, Quarter One

October 1, 2009 – December 31, 2009

## **Annex 7 – Administration & Personnel**

### **OBJECTIVE 3.3: GENERAL PROJECT ADMINISTRATION**

ACTIVITY 3.3.1: PROJECT ADMINISTRATION & PERSONNEL MANAGEMENT

ACTIVITY 3.3.2: PROJECT STAFF MENTORING & TEAM BUILDING EFFORTS

## **ADMINISTRATION & PERSONNEL – Quarterly Report**

October 1, 2009 – December 31, 2009

### **OBJECTIVE 3.3: GENERAL PROJECT ADMINISTRATION**

#### **➤ ACTIVITY 3.3.1: PROJECT ADMINISTRATION & PERSONNEL MANAGEMENT**

During this reporting quarter the project has experienced several changes in personnel. One employee completed his employment with the Project, three employees began their maternity leave, one employee went on extended sick leave, and two employees were hired as temporary replacements for those on leave. Details regarding the personnel changes are as follows:

One staff member left the Project during the quarter:

- Nikola Wurzbürger, the Project's Communication Specialist ended his employment with the Project as of December 31, 2009. His employment agreement was terminated, following a management decision that the position was no longer needed.

Two additional people were selected and hired during the quarter:

- Mr. Milos Stojanovic was hired on November 16<sup>th</sup> 2009, as a short-term temporary replacement for Ms. Darija Radulovic, the Administrative Assistant & Translator in the Novi Sad office. Ms. Radulovic is on prolonged sick leave following an injury to her back.
- Ms. Danijela Sever-Radovanovic, a Communication Specialist, was hired on December 21<sup>st</sup> 2009. Ms. Sever-Radovanovic will be replacing Ms. Ana Martinovic while she is on her pregnancy/maternity leave.

Two women who began their pregnancy / maternity leaves will not be replaced while they are on leave. Their functions will be replaced (while they are on leave) through the use of grants to partner organizations that have proven themselves as reliable and effective service delivery agencies. The staff who have begun their maternity leaves, and who will not be replaced, are as follows:

- Ms. Ivana Janicijevic, the Project's Youth & Gender Specialist
- Ms. Tisa Causevic, the Project's Livestock Sector Lead

While three staff members began their maternity leaves, one professional staff member returned from her maternity leave. This individual is:

- Ms. Jovana Dučić Savić who returned to take up her position as Marketing/Export Specialist.

During the quarter the management of the Project management reviewed and revised the Organizational Chart for the Project. A copy of the revised Project Organizational Chart is shown on page 3 of this section of the report. This chart includes the additional admin staff that has been added to the field offices, the elimination of Nikola Wurzbürger's position, and the re-alignment of some of the staff reporting relationships based on implementation experience.

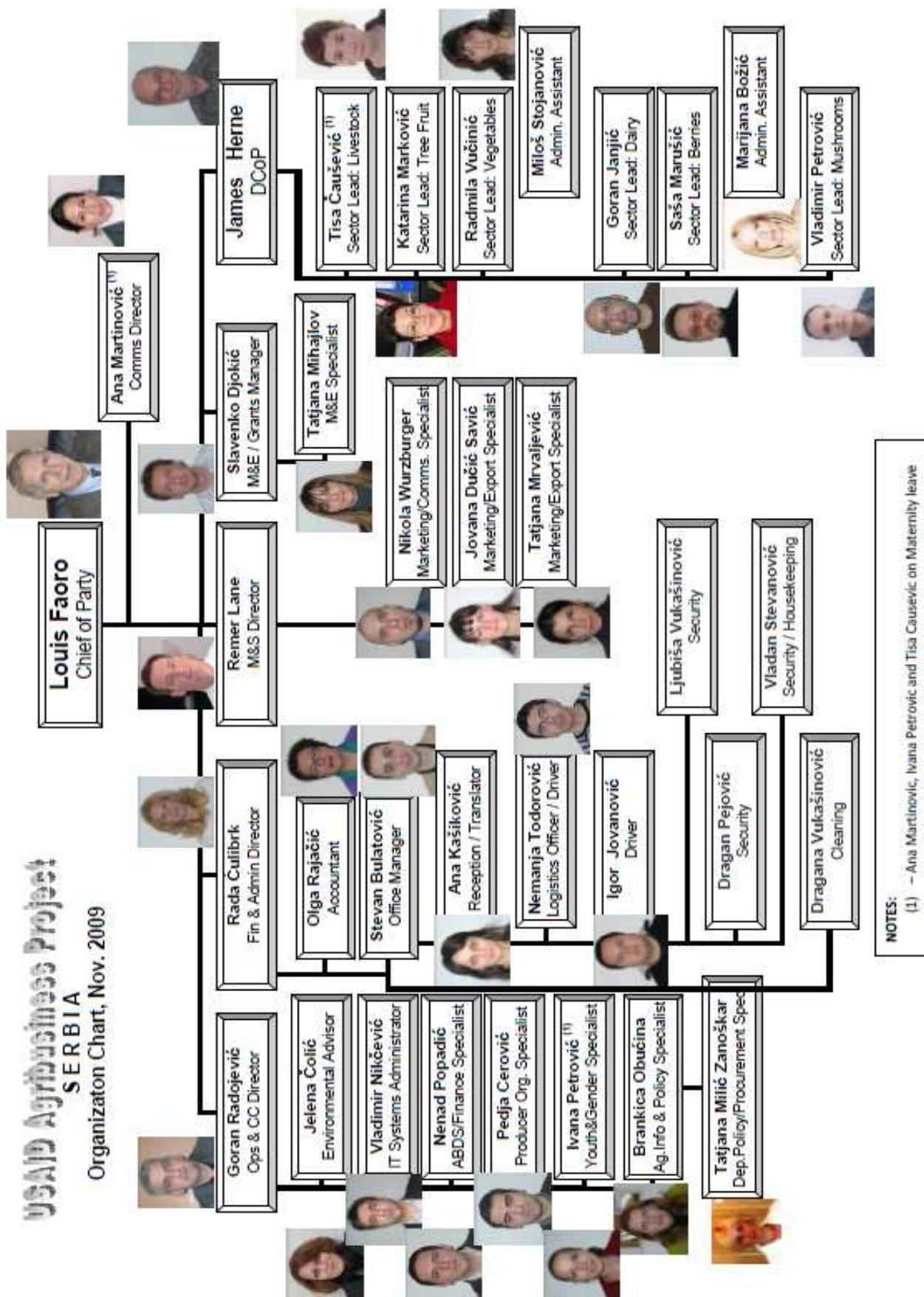
#### **➤ ACTIVITY 3.3.2: PROJECT STAFF MENTORING & TEAM BUILDING EFFORTS**

Efforts to develop a staff mentoring system, and a performance evaluation program, began in the first quarter of Year Two with a short consultant assignment completed by Ed Salt, a personnel management consultant provided by the Training Resources Group. During this past quarter the

Project has used the Performance Evaluation forms that Ed Salt developed during his last assignment to evaluate employee performance during the past year. These forms have proven to be easy to use, and they are effective tools for performance evaluations and determining the salary level for staff in the subsequent year.

➤ **ACTIVITY 3.3.3: CONSULTING SUPPORT FOR PROJECT IMPLEMENTATION**

The Project budget continues to have significant resources available for hiring STTA consultants to support the in-country staff on their implementation activities. Over the course of the past quarter the Project continued to use international consultants, but at a lower rate than in the previous two quarters. This reduction in the level of STTAs was partly due to the time demands for the preparation of the Year Three Workplan and the Year Two Annual Report, and to the fact that the level of activity with the clients was lower this past quarter. During the quarter a total of six international STTA assignments were completed during the quarter. On pages 3, 4 and 5 of this section of the report, graphic monthly schedules show the time each individual consultant spent in Serbia, and the purpose of their assignment.



# Serbia Agribusiness Project

*Consultants in-country: October 2009*

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# Serbia Agribusiness Project

*Consultants in-country: November 2009*

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# Serbia Agribusiness Project

*Consultants in-country: December 2009*

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# **USAID Serbia Agribusiness Project**

**Quarterly Report – Year Three, Quarter One**

**October 1, 2009 – December 31, 2009**

## **Annex 8 – Project Impact Report**

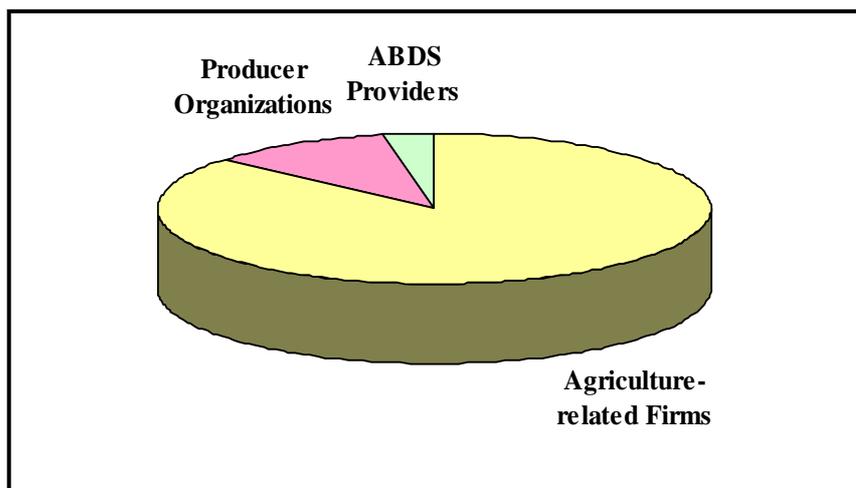
- 1. Number of Client Firms Assisted this Quarter**
- 2. Sales Results Reported by Client Firms**
- 3. Employment Generated by Client Firms**
- 4. Results Segregated by Client Firm Type**

## PROJECT RESULTS & IMPACT – Quarterly Report

October 1, 2009 – December 31, 2009

As with the methodology used for previous quarterly client impact surveys, the data was collected from client firms and producer organizations that had generated sales, employment, or other impact results in this quarter which were attributable to Project assistance. This could have been from assistance provided during the quarter, or during prior quarters in the life of the Project. Based on the impact survey results, the Project can report the following results:

- A total of 67 clients received assistance during the reporting period; 57 agriculture-related firms (including one farmer), 7 producer organizations, and 3 ABDS providers. To date, a total of 352 clients have been registered in the Project's TAMIS system, with 291 clients currently being considered as "active". A total of 153



MoU's have been signed with client firms. The graph at the right shows the structure of the Project's client population based on the type of organization.

- A summary of the assistance provided to the participating clients this quarter is as follows:
  - A total of **279** attendees were registered at the various training programs and workshops organized by the Project. These training programs included the following events:
    - A training program on irrigation and fertigation of apple orchards aimed at reducing production costs delivered by the Project's STTA Prof. Brian Boman from the University of Florida;
    - Bovine respiratory disease complex training program co-organized with the Faculty of Veterinary Medicine Belgrade and Moredun Research Institute, UK;
    - A five-day farm management training program delivered by the Project's STTA Rick Costin;
    - Training programs for blueberry stakeholders and MAP processors and exporters to facilitate creation of the national organizations in those two sectors;
    - Sales and marketing preparatory training programs for upcoming fairs Fruit Logistica and Biofach;
    - A two-day capacity building workshop on effective use of environmental data in agriculture to develop effective and efficient agro-environmental options for environmental compliance;
    - Workshops on Ozone generators - a new technology to enhance shelf-life of fresh produce;
    - The *Pijaca in Belgrade* presentation of the idea to local companies and other partner organizations how to organize the upcoming food trade show in Belgrade.

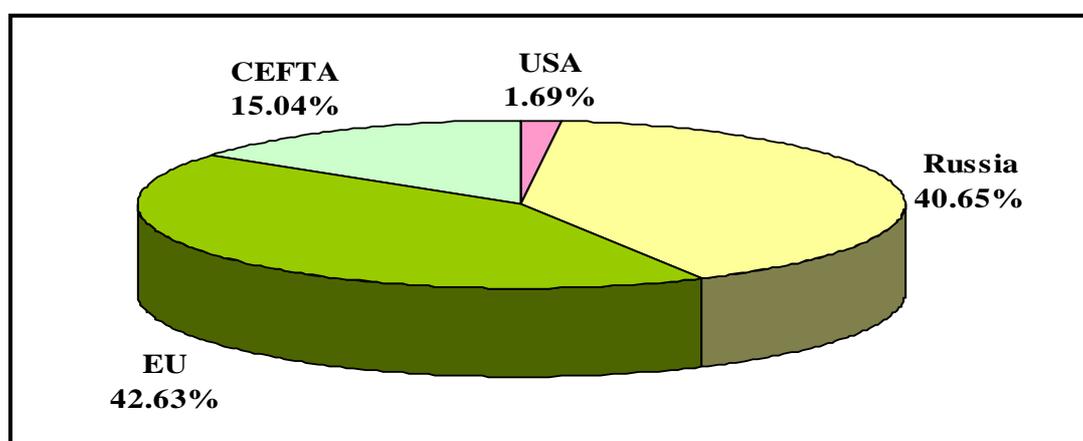
- In addition to the training programs and workshops, a series of two-day seminars on market analysis, the use of STIPS information, and the basics of marketing were organized in Zlatibor, Novi Sad, Pancevo, Sombor, Sremska Mitrovica, Subotica and Zrenjanin with assistance from Agromreza, with a total of 190 participants.
  - Twenty three grants, with a total funding amount of \$397,402, were approved for the design of new packaging for various purposes e.g. shifting from bulk to retail, new market trends, etc.; design of new logos and visual identity of the agribusinesses and their products; design of marketing material for export and domestic markets e.g. catalogues, leaflets and other promotional material; website design and other activities aimed at improving marketing and promotional activities of agribusinesses.
  - A total of 24 companies attended the Anuga Trade Fair, which was held between October 10<sup>th</sup> to the 14<sup>th</sup> in Cologne, Germany.
- A total of 42 agribusinesses (38 agriculture-related firm, two producer organization, and two ABDS providers) reported the following results directly attributable to Project assistance:

*New Product or Services Sales Results*

Sales Contracted	Sales Delivered	Sales Under Negotiation
\$9,024,368	\$5,710,368	\$8,252,500

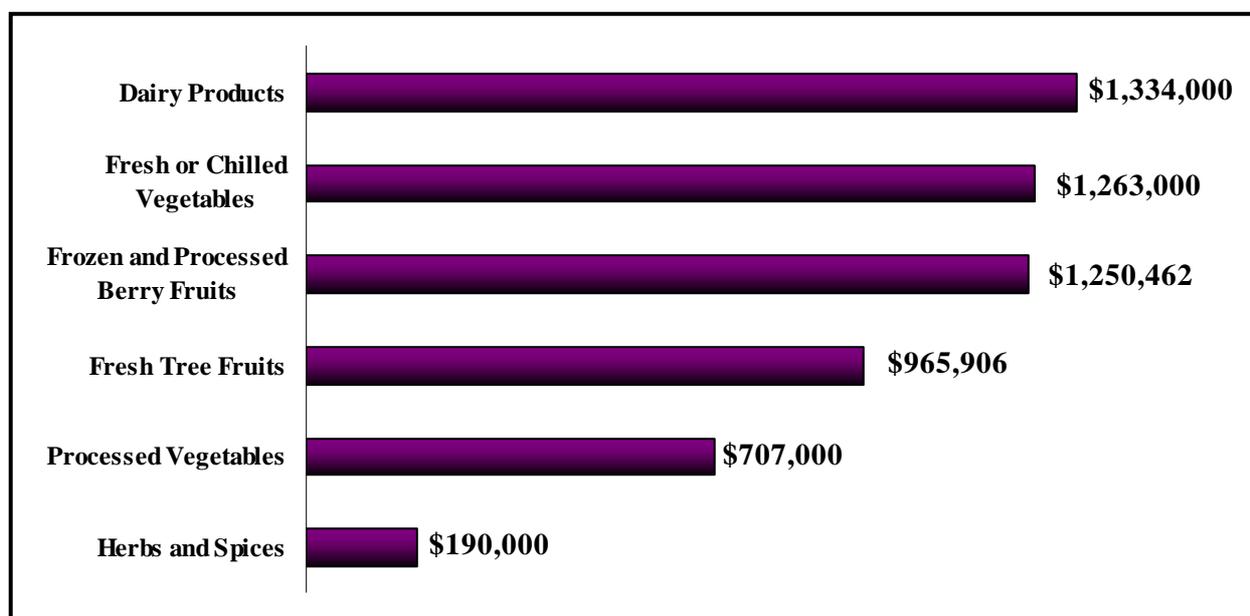
- 48.2% of the contracted sales, and 51.9% of the delivered sales, were for exports.
- Exports to Europe and Russia accounted for over more than 83% of the total delivered sales; primarily frozen and processed berry fruits and vegetables, as well as tea, spices, fruit juices and jams. The exports of products were destined for the following markets:
  - A total of \$1,264,462 of client products were exported to Germany, the Netherlands, France, Belgium, Cyprus, and Slovenia;
  - Fresh tree fruits and processed vegetables with a total value of \$1,205,906 were exported to Russia.
  - \$446,000 of food products were delivered to Bosnia and Herzegovina, Macedonia and Montenegro. The exports of fresh vegetables to Bosnia accounted for over 60% of this amount, while all the exports of dairy products were destined for Montenegro.
  - Finally, Foodland delivered processed berry fruit products (e.g. jams, marmalades, juices, etc.) to the United States with a total value of \$50,000.

*Year Three Quarter One Delivered Exports by Destination Country*



- Sales of fresh, frozen, and processed (tree and berry) fruits all together account for nearly 39% of the total delivered sales reported in this quarter. Sales of fresh and processed vegetables account for 34%, while the sales of milk and dairy products account for 23%. The sales of herbs and spices account for 3.33% of the total value of delivered commodities in this quarter. The bar chart below shows the relative values of exports by commodity.

*Year Three Quarter One Delivered Sales by Commodity Type*



### ***Employment***

- Client organizations reported a total of 3 new full-time jobs created in this quarter. This figure does not include 14 jobs reported in the Taurus Grant Final Report, which was received too late to be included in this quarter's figures. To date, the Agribusiness Project has contributed to the creation of 4,013 jobs; i.e. 240 full-time jobs, 281 part-time jobs, and 3,492 seasonal jobs, which is ahead of the cumulative target of 3,000 jobs for the first three years of the Project.

### ***Results by Beneficiary Categories***

The Project survey results, and the data included in the TAMIS system, have been analyzed and disaggregated into the following groups of Project clients, in accord with the PMP requirements:

#### *Producer Organizations:*

- A total of seven (7) Producer Organization clients received Project assistance during the reporting period.
- Two Producer Organizations reported sales results directly attributable to Project assistance; ZZ Green Group reported exports to Germany totaling \$194,000, and Fruits of Serbia reported member sales in totaling \$736,700 as an impact of the joint exhibition of its members at the Anuga Trade Fair held in Cologne, Germany in October 2009.

*Agriculture-related Firms:*

- A total of 57 agriculture-related firms received Project assistance during this reporting period; 38 agriculture-related firm reported sales and employment results directly attributable to assistance from the Agribusiness Project.
- 58% of the agriculture-related firms that participated in the survey (i.e. 22 agriculture-related firms) employ up to 50 workers, and have an annual turnover of up to \$10 million. 15 firms employ between 50 and 250 workers, and have an annual turnover over \$10 million. Only one firm (Vino Zupa) is considered a very large firm, which is defined as a firm with over 250 employees and an annual turnover in excess of \$50 million. These data shows that Project assistance is primarily focused on the SME sector.

*ABDS Providers:*

- A total of three ABDS providers received Project assistance during the reporting period. In addition, three agriculture-related firms also reported the provision of services as being within their business portfolio. Two ABDS providers generated a total of \$62,000 in revenue during the reporting period (consolidation and advisory), while one of them reported an additional \$40,000 of potential new revenue, thanks to the lab testing services which were improved, and officially certified, thanks to Project assistance.



# **USAID Serbia Agribusiness Project**

## **Quarterly Report – Year Three, Quarter One**

**October 1, 2009 – December 31, 2009**

### **Annex 9 – Project Weekly Reports**

- 1) **Weekly Report – Week of September 28<sup>th</sup> to October 2<sup>nd</sup>**
- 2) **Weekly Report – Week of October 5<sup>th</sup> to October 9<sup>th</sup>**
- 3) **Weekly Report – Week of October 12<sup>th</sup> to October 16<sup>th</sup>**
- 4) **Weekly Report – Week of October 19<sup>th</sup> to October 23<sup>rd</sup>**
- 5) **Weekly Report – Week of October 26<sup>th</sup> to October 30<sup>th</sup>**
- 6) **Weekly Report – Week of November 2<sup>nd</sup> to November 6<sup>th</sup>**
- 7) **Weekly Report – Week of November 9<sup>th</sup> to November 13<sup>th</sup>**
- 8) **Weekly Report – Week of November 16<sup>th</sup> to November 20<sup>th</sup>**
- 9) **Weekly Report – Week of November 23<sup>rd</sup> to November 27<sup>th</sup>**
- 10) **Weekly Report – Week of November 30<sup>th</sup> to December 4<sup>th</sup>**
- 11) **Weekly Report – Week of December 7<sup>th</sup> to December 11<sup>th</sup>**
- 12) **Weekly Report – Weeks of December 14<sup>th</sup> to December 18<sup>th</sup>**
- 13) **Weekly Report – Weeks of December 21<sup>st</sup> to December 25<sup>th</sup>**
- 14) **Weekly Report – Weeks of December 28<sup>th</sup> to January 1<sup>st</sup>**

**USAID Serbia Agribusiness Project – Weekly Report**

Week of September 28<sup>th</sup>, 2009

CTO: Djordje Boljanovic

**Ag Policy:** The Agribusiness Project, in cooperation with the association of agricultural journalists – AGROPRESS, and the Ministry of Agriculture, organized a one-day Conference on September 28<sup>th</sup> titled “Agribusiness in Serbia 2010 - International Integrations and Perspectives”. The objective of the conference was to engage stakeholders in a constructive discussion regarding the agriculture sector’s most pressing and current issues, and to inform them on prospective developments in agricultural policy in 2010 and the impact of international integrations. The conference also succeeded in facilitating dialog between high ranking Government officials and leading agribusiness industry representatives. The key speakers at the conference were Prime Minister Mirko Cvetkovic, Minister of Agriculture Sasa Dragin, USAID Mission Director Michael Harvey, the Director of AGROPRESS Goran Djakovic, and the Agricultural Advisor to the Deputy Prime Minister Dragan Mirkovic. More than 150 agribusiness managers, producer representatives, agricultural processors, international organizations, and scientific institutions attended, and over 50 accredited journalists were present as well. The conference received enormous media attention.



**Other Project Activities:**

- **Monitoring & Evaluation:** The annual impact survey for Project Year Two has been completed. A total of 116 beneficiary organizations responded to the survey, out of 191 beneficiaries that received Project assistance. Based on a preliminary analysis, surveyed clients delivered agricultural and food products worth \$33.6M, based on contracts valued at \$50M. These clients have an additional \$41.6M in contracts under negotiation. With Project assistance, the surveyed agribusinesses reported 269 new jobs (full-time and part-time), and 847 seasonal jobs (59% of all new employees are women, and 27% are youth). The results collected through the survey, as well as data from TAMIS, will be combined and reported versus targets set forth by the PMP, and included in the Project’s Year Two annual report.
- **Vegetables:** The State Department journalist visiting Serbia made a visit to the Biotrend Donato company in Novi Sad. This family owned business has received assistance from the Agribusiness Project, and has made remarkable progress based on this help. Mrs Ljubica Stankov was interviewed, and she stressed the importance of the support and assistance they have received. This company was founded in 1990 and initially produced vegetable sauces and salads, but their package design was quite poor. With improvements in their visual identity and packaging, based on a grant from the Agribusiness Project, Mrs Stankov expects to see a significant growth in sales, and new exports.
- **Tree Fruit:** Based on conclusions made during field visits, and problems identified in irrigation and fertigation of apple orchards, Prof. Brian Boman delivered a one-day training seminar on "Drip Irrigation and Fertigation in Apple Orchards". Dr. Bowman addressed the following subjects during this seminar: water use and irrigation, fertilisation, fertilising through drip irrigation systems (fertigation), system maintenance, automation control, and frost protection. A total of 23 participants attended the seminar, with 10 being representatives of ABDS providers, and the rest coming from producer organizations and production companies. One media representative also attended the seminar.
- **Berries:** Having completed the activities planned under their grant, the Arilje Agricultural Innovation Center submitted its final report. A total of 10 introductory trainings in high-bush blueberry production were conducted, with the attendance of 162 growers (from 10 blueberry growers’ organizations), and ABDS providers. In addition, 500 copies of a blueberry production guide were distributed to attendees. During the program a total of 56 blueberry fields were visited by the Center’s staff to assess conditions and plant development status. More than 80 blueberry growers were advised on various orchard management measures that helped them to improve plant growth, yields, and fruit quality.



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of October 5<sup>th</sup>, 2009

CTO: Djordje Boljanovic

**Ag Policy & Information:** The USAID Agribusiness Project has collaborated with the Serbian Ministry of Agriculture, Forestry and Water Management on the production of a promotional video on Serbian agriculture. This video presents the potential of the agricultural sector, focusing on comparative and competitive advantages of Serbian agribusinesses. Serbia lacks good promotional materials for presentations at international and domestic fairs, investment conferences, workshops, seminars and meetings, which can be used to attract new investments in Serbian agriculture. In addition to attracting potential investors, this video will also serve promotional and educational purposes. The video primarily targets those agribusiness sectors which are the focus of the Agribusiness Project, including: tree fruit, berry fruit, vegetables, livestock, dairy, and herbs & mushrooms. The video also covers issues related to organic production, and general crop production. The video provides brief information on the major agricultural issues of the day, such as the quality and safety of Serbian products, the production of specialty food products, the protection of geographic indications of origin, rural development, and the international integration of Serbia and its effects on the agricultural sector. The video has been prepared in both English and Serbian, in two separate versions: one is 25 minutes long, and a shorter version runs for 8 minutes.

### **Other Project Activities:**

- **Dairy:** The Agribusiness Project and the USDA continue to support dairies which successfully presented their products at the Fancy Food Show in New York. With coordinated support, the Veterinary Department of Ministry of Agriculture has adopted changes to their Veterinary Certificate so that it complies with US veterinary regulations. That was the final item preventing Sabac, Select Milk, and Kuc Dairy from exporting products to the US. Sabac Dairy has been advised to start the official export procedure, and the Project will coordinate efforts with the dairy, to assist with this shipment.
- **Tree Fruit:** Professor Brian Boman from the University of Florida has completed his assignment in Serbia, during which he has addressed issues related to irrigation and fertigation in apple orchards. During his assignment he provided technical assistance for Green Group, members of the Cacanska Jabuka cooperative, Atos Vinum, and the Greeny company. The main issue that he identified during his visit was the lack of performing the necessary analyses, and interpreting their results (irrigation water analysis, and especially leaf tissue analysis). He also identified the non-existence of system maintenance and back-flow prevention, and not applying economic analysis to the fertilizers used.
- **Marketing & Sales:** The USAID Agribusiness Project has successfully completed all the necessary procurement actions in preparation for the ANUGA 2009 Trade Fair, which will take place from October 12<sup>th</sup> to October 16<sup>th</sup>, 2009, in Cologne, Germany. Serbian companies will exhibit their products at the Fair in two separate pavilions: eleven (11) companies will exhibit in the Fine Foods Hall, and two (2) associations, Fruits of Serbia and the Arilje SME Association, will be in the Frozen Food Hall.
- **Grants:** On the 7<sup>th</sup> of October, the Agribusiness Project CTO provided final technical concurrence to four grant applications for marketing and promotional activities. These grant applicants will utilize grant funds totaling \$56,475 (or 42% of total cost) for the introduction of new brands, product and corporate visual identities, and web sites. With the assistance provided by these grant funds, these four applicants expect to generate additional income totaling \$960,000, and to create a total of 13 new jobs in their businesses.
- **Herbs & Mushrooms:** The Herb & Mushroom Sector Lead, Vladimir Petrovic, got married over the weekend (see photo at the right). A good time was had by all at the reception, and the newlyweds will be going off to Egypt soon for their honeymoon!



**USAID Serbia Agribusiness Project – Weekly Report**

Week of October 12<sup>th</sup>, 2009

CTO: Djordje Boljanovic

**Vegetables/Marketing:** Biotrend Donato, a small family owned and operated company that produces sauces and salads, participated in an international trade fair in Cologne, Germany last week with assistance from the Agribusiness Project. Biotrend has participated in a number of Project activities over the past 18 months, and this assistance has helped them to significantly increase the scale of their business activities. In a recent press interview, Ms. Ljubica Stankov, the owner and manager of Biotrend, stated that Project assistance had helped them to increase their sales by 30% in 2009. That number just got a whole lot bigger. At the Anuga Trade Fair, the Biotrend products were a big hit with buyers at the fair. Biotrend has completed a total re-design of their packaging and labeling, with assistance from the Agribusiness Project, and their new product packaging was the star of the show. As a result, Biotrend has signed a contract to supply \$1M of their products to an international buyer, and they are negotiating another \$300K in sales. Biotrend's sales revenues were only \$700K in 2008, so this new contract has the potential to more than double their turnover for 2010. The photo at the right shows Ljubica (center) with some colleagues at her booth at the Anuga fair. The new packaging for the Biotrend products can also be seen in the photo.



**Other Project Activities:**

- **Marketing & Sales:** Last week, the Agribusiness Project supported the participation of 24 Serbian companies at the Anuga Trade Fair in Cologne, Germany. Ten of these companies had individual exhibits, and 14 companies exhibited under the banner of two Serbian associations. The two associations that participated were Fruits of Serbia, and the Arilje Association. Both of these associations, together with the ITN Company, exhibited their products in the Frozen Food hall, while the other firms exhibited in the Fine Food hall. The sales results for this fair were quite good, with the total contracted sales value reported at \$5.3M (\$2.2M Fine Foods and \$3.1M Frozen). In addition to the contracted sales, participating firms are still negotiating an additional \$15.4M in future sales.
- **Livestock/Producer Organizations:** On Friday, October 16th, Project staff participated in the opening ceremony of the Artificial Insemination Centre for the hog breeders' cooperative Agronor, which is based in Gornji Milanovac. This AI centre is the first such centre owned by a cooperative in Serbia, and has been built with Norwegian assistance funds. Agronor hosted the event for Cooperative members, farmers, ABDS providers, and other stakeholders. Agronor has the foundation to become a successful and self sustaining cooperative, and the Project will work with their management to provide technical assistance to the coop, targeting Agronor's 500 members and helping enhance genetic potential of pigs.
- **Policy/Ag Info:** The Agribusiness Project has successfully completed the last phase of the program to upgrade the software used for the Serbian agricultural market information system (STIPS). The final event in this program was a two-day seminar where the field reporters for the STIPS system were trained in the use of the improved software. Representatives from the 18 reporting centers for the STIPS system, as well as the Ministry of Agriculture and IPN were informed of the modifications made to the STIPS software and database, and trained on how to enter the information into the modified STIPS system.
- **Dairy:** The Pirot Municipality has requested Project assistance in protecting the geographic origin of Pirot Kackavalj. Until now the name Pirot has been misused by dairies which don't produce quality cheeses, which is ruining the reputation of this regional deli product. The Municipality of Pirot would like to obtain the protection of geographic origin, and choose competent dairies for its eventual use.



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of October 19<sup>th</sup>, 2009

CTO: Djordje Boljanovic

**ABDS/Finance:** On October 23rd, the Agribusiness Project organized an award ceremony for individuals that successfully completed the business skills training courses. In total, 103 individuals from 45 companies (representing all six subsectors), have completed the training and have rated it very highly. On behalf of USAID, Mr. James Stein handed over the certificates to representatives of the companies that sent individuals to this training program. Mr. Stein commented at the ceremony that: *"USAID has supported your training because we want to help Serbian agribusinesses in their efforts to become more competitive in regional and international markets"*.



At the ceremony one company representative stated: *"The USAID training resulted in the American dream coming true, for us, in Serbia"*. Forty-two company representatives were present at the ceremony. These companies have been very responsive to initiatives coming from the Agribusiness Project, and they are looking forward to the business training events that will be organized in Year Three. The photo above right shows Mr. Stein presenting employee award certificates to a company representative.

### **Other Project Activities:**

- **Vegetables:** During the past week the "Grow Rasad" company from Novi Sad, which produces seedlings in Irig for the export market, completed their final Global GAP certification. The certifying body was TUV Rheiland, and their inspectors from Hungary performed the final evaluation of Grow Rasad. Grow Rasad had to pass two inspections for this certification, because they are both a seedling producer and their seedlings are used for food production. Their GlobalGAP certificate will be issued within one month, and for the interim they have a certification confirmation letter from TUV Rheiland.
- **Dairy:** The Agribusiness Project linked Sabac Dairy with the Krinos Company from Canada at the Anuga Fair. Based on this contact a Krinos representative visited Serbia and met with Sabac managers to discuss Feta cheese sales in the US and Canada. Currently, the Project is supporting Sabac Dairy on the documentation necessary for the shipment of three containers to the US, while developing the framework for Canada as well. The Serbian Dairy sector has a good opportunity to replace Bulgarian and Romanian dairy companies as a result of their integration into EU, and now being subject to trade limitations. If the first shipment is successful, Krinos expects to purchase at least 30 containers in 2010.
- **Livestock/Grants:** Agrar Kontakt submitted follow-up results from their grant program: "Increasing yields in cattle production". They interviewed 10 of the most successful farmers that participated in the program to determine the impact of assistance. These farmers reported an increase in their farm profits totaling \$56,480, thanks to measures they have applied in the area of feed and animal health.
- **Policy & Ag Info:** The Agribusiness Project's Policy Specialist met with Milos Milovanovic and Bojan Zivadinovic from the Ministry of Agriculture to discuss the joint work preparation of a Guide Book on the integration of Serbia into the EU and CAP. This guide will be used to educate farmers, business people, traders, and professional service providers on the different aspects of the EU integration process, and its impact on Serbian agricultural sector. The Agribusiness Project and the Ministry will jointly identify a local expert(s) that will work on the preparation of this publication.
- **Berries:** The Sector Lead met with Bojan Petrovic from the IOM and discussed the provision of TA to IOM's grantees to improve their agriculture-related businesses by establishing Producer Organizations. Besides the establishment of new POs comprised of IOM's grantees, IOM grant funds can be awarded to existing POs that accept IOM grantees as new members. At the meeting the Sector Lead and Mr. Petrovic agreed on a joint visit to POs to assess their willingness to accept new members, to see if this collaborative approach will work and the Project can integrate IOM grantees into the program.

## **USAID Serbia Agribusiness Project – Weekly Report**

Week of October 26<sup>th</sup>, 2009

CTO: Djordje Boljanovic

**Environment:** After having completed the training seminar on Safe Pesticide Use & Environmental Protection, two groups of agricultural producers from Kraljevo and Pozarevac received training completion certificates during the workshops held in both cities on October 30<sup>th</sup>, 2009. The workshop in Kraljevo was also aimed at providing the producers with insights into procedures for pesticide use tracking, and for developing a system of systematic data on pesticide use at the national level. The award ceremony in Kraljevo was also attended by the Novi Pazar USAID field office representative, Ms. Sabina Jusufovic. The picture at the right shows some of the participants.



### **Other Project Activities:**

- **Livestock:** In cooperation with Serbian Faculty of Veterinary Medicine, and the Scottish Moredun Institute, the Project organized a one-day seminar titled “Bovine Respiratory Disease Complex”. The seminar was presented by Dr Willie Donachie, with 66 individuals attending, mainly farm managers, private practice veterinarians, and veterinary lab staff. The seminar focused on vaccination strategies that can be used to lower production costs and decrease losses in cattle production. During previous seminars organized by the Project, Bovine respiratory diseases have been identified as a major factor contributing to losses in cattle production, and that additional capacity building is required.
- **Dairy:** As a part of Agribusiness Project activities in southern Serbia, the Project is developing a framework for supporting regional dairy initiatives in the municipalities of Pirot and Svrlijig. Both municipalities see the dairy sector as a priority, and believe that the protection of their unique regional dairy products is important. Pirot and Svrlijig Kackavalj are items which can be marketed as unique local dairy products, with Protected Designation of Origin status.
- **Grants:** On October 28<sup>th</sup>, the Project CTO provided final technical concurrence for eleven grant applications under the marketing and promotion grant program. These eleven grant applicants will receive grant funds totaling \$177,816 (equal to 33% of the total program costs) for the introduction of new brands, product labeling, corporate visual identities, web designs, and new packaging. With the assistance provided by these grant funds, these grant applicants expect to generate additional revenues totaling \$4.5M, and as many as 161 new jobs.
- **Marketing & Sales:** As a follow-up to an inquiry from Korea, and in coordination with the PPES Project, Marketing & Sales staff visited the Sopocani Monastery in Novi Pazar. The monks are working with a local co-packer on the production of juices, slatko, and jams, and have designed unique and innovative packaging for their products. They would like Project assistance for them, and their co-packer, for the preparation of a business plan, the introduction of standards, and a sales strategy.
- **Producer Organizations/Berry Fruit:** The Project organized a meeting with representatives of Serbian blueberry growers and ABDS providers in the office in Cacak. The meeting reviewed blueberry production in Serbia, discussed estimates for the next season, and a common quality assurance and marketing strategy for fresh blueberries. The main subject was the creation of a national association that will coordinate joint activities of blueberry stakeholders. The participants showed great interest towards such initiative and they agreed to organize an inaugural assembly meeting in December.
- **Volunteers:** The DCoP and the Grants Manager met with the Serbian Unity Congress (SUC) last week to discuss the grant concepts they had submitted to the Project. In consultation with the Project’s CTO it has been decided that these concepts do not fit within the overall scope and objectives of the Project, and they cannot be considered for funding. The Project has now informed the SUC that it is unlikely that the Project can provide them with grant funding, and that the use of volunteers from the Serbian diaspora in the US would not fit technically and administratively with the Project.

## **USAID Serbia Agribusiness Project – Weekly Report**

Week of November 2<sup>nd</sup>, 2009

CTO: Djordje Boljanovic

**VEGETABLES:** Professor Elazar Falik, a Post Harvest specialist from the Post Harvest Institute in Israel, visited some USAID Agribusiness clients on Thursday. During his visits Professor Falik made presentations on the latest in Post-Harvest technology for root crops & vegetables. He visited Mr Janko Medvedj from Begec, the largest carrot producer in Serbia, who recently built a new cold storage facility for his products, and Lucic a.d. from Prigrevica, which produces various vegetable crops, including root crops. The emphasis of his assistance was on carrot and potato storage, since these clients provide a year-round supply for their buyers. The maintenance of product quality, humidity, and other organoleptic characteristic of the vegetables were the main subjects of the meetings. The picture at the right shows Prof. on one of his visits to the cold storage facilities.



### **Other Project Activities:**

- **Berries/Grants:** The Agribusiness Project has reimbursed \$1,800 to the Agricultural Innovation Center as the final payment for their grant following the successful completion of Milestone 4. This included a final cycle of advisory services following plant development and harvesting. According to the final report, the training on blueberry production generated significant interest throughout Serbia. The grantee provided a series of training seminars and individual advisory services, and they prepared 500 copies of a guidebook on blueberry production which was distributed to the trainees. The AIC also provided free-of-charge water and soil analysis services to 138 farmers interested in blueberry production.
- **Dairy:** The week of November 6th was devoted to meetings with Dairy sector stakeholders to re-shape the Project's assistance program so that it includes all relevant stakeholders. The Sector Lead, and the ABDS Specialist, met with the private AI Center in Deronje, the Livestock Department at the Ag Faculty in Novi Sad, Mladost Dairy, commercial dairy farms in Kragujevac, and Sabac Dairy. During the coming week the Project will organize a Dairy Support Program workshop for ABDS providers, which will define the program to be delivered to dairies over the course of Project Year Three.
- **Berries/Tree Fruit:** The Berry Sector Lead met with Mr. Branislav Simic from the Creative Network in Belgrade. The Creative Network is an NGO implementing an SDC funded project called "Creative Economy of Western Serbia", which promotes innovative employment opportunities in rural areas, such as the creation of business incubators, tele-domes, and ag clusters, etc. The project is ending, and the Creative Network is now finalizing the creation of several clusters in Western Serbia, one of which deals with fruits, mainly plums. The Creative Network invited the Project to join the process, and to take part in a series of workshops which will be held in Valjevo, Uzice, and Kraljevo, by the end of November.
- **Marketing & Sales:** Marketing & Sales staff met with the owners of Zeleni Hit to discuss potential support for the development of Sweet Potato production. The Project will provide Zeleni Hit with contacts for US advisors that could assist the project, however, so far they have not requested an STTA. The development of a marketing strategy, and an educational plan for Serbia, will be jointly developed.
- **Producer Organizations/Marketing & Sales:** In collaboration with the Ministry of Agriculture, the National Association "Serbia Organica", the Austrian Development Agency (ADA), and GTZ, the Agribusiness Project participated in the first coordination meeting for the National Action Plan for Organic Agriculture in Serbia. The meeting was held at the Vojvodina Chamber of Commerce, in Novi Sad. The purpose of the meeting was to define the roles and activities of each organization to support the National Action Plan for Organic Agriculture. Since the National Association "Serbia Organica" will be an implementing partner, the Project will provide assistance to the association to strengthen their capabilities, to develop a long-term strategy, and to create a structure to ensure sustainability.



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of November 9<sup>th</sup>, 2009

CTO: Djordje Boljanovic

**DAIRY/COLLABORATION:** The Deputy Chief of Party and Dairy Sector Lead accompanied a visiting USDA team on visits to two dairy plants on Thursday. The purpose of these visits was to present a new American digester technology that can be used to treat dairy farm waste, and other bio-degradable materials. The visits identified the Kuc and Lazar dairy farms as good prospects for this technology. The picture shows Steve Dvorak, President of GHD, explaining the technology to the dairy plant manager and the farm manager at the Kuc dairy farm. The Project will continue this collaboration with USDA over the coming months with the completion of feasibility studies for companies that could gain the most from this technology. The most likely prospect for the first study is the Lazar dairy in Blace.



### **Other Project Activities:**

- **Tree Fruit/Grants:** The Agricultural Innovation Center (AIC) from Arilje has successfully completed the accreditation process for the introduction of the ISO 17025 standard, with Project support. Activities supported by the grant included the preparation of necessary procedures and documentation, and obtaining and calibrating laboratory equipment. The final certificate, certifying the analyses performed by the AIC, was issued by the Serbian National Accreditation Body in October. The AIC is the only laboratory in the region certified to perform water and soil analysis for fresh fruit & vegetable producers, and agribusinesses (ie cold stores) in the area. These types of analyses are a requirement for the GlobalGAP standard, which is becoming a precondition for companies exporting products to the EU.
- **Policy/Ag Info:** The Project's Senior Policy Advisor and Berry Fruit Sector Lead participated in the sixth RCI Agribusiness Workshop last week in Skopje, Macedonia. More than 30 experts, representing USAID Missions and Agribusiness Projects from Albania, Bosnia, Kosovo, Macedonia, and Serbia, along with the Inter-Cooperation Project Manager in Kosovo, an EU projects specialist from Bulgaria, and a specialist in rural area development attended the round table. The Agribusiness Project's Senior Policy Advisor presented the Serbian experience with the development and operation of the market information systems for agriculture, while the Berry Fruit Sector Lead presented the objectives and activities of the Agribusiness Project regarding the enhancement of exports of Serbian fresh produce.
- **Vegetables:** A two-day seminar on Post-Harvest management was held in Strumica (Macedonia) for Serbian and Macedonian service providers. The seminar was arranged by the Skopje and Novi Sad Agricultural faculties, with assistance of from the USAID agribusiness projects in Serbia and Macedonia. During the two day event specialists from Israel, Italy, Serbia, and Macedonia presented a number of new technologies related to post harvest management. The emphasis was on pepper, tomato and root crops in the vegetable sector, and on grapes and tree fruit in fruit sector.
- **Marketing/Herbs & Mushrooms:** On Friday, Project staff visited two institutes and two herb companies, along with Mr. Michel Meneuvrie, the owner of Plantes Aromatiques du Diois. PAD is a global player in the market for organic essential oils and fragrance plants. Mr. Meneuvrie assessed these herb processors in his search for partners for organically certified essential oils and plants. Organically grown herbs are not too common in Serbia, there is potential for the supply of wild collected herbs.
- **Herbs & Mushrooms:** During the past week the "Dina Pecurka" company, which produces cultivated mushrooms for the domestic and export markets, completed GlobalGAP certification. The certifying body for this company was Evrocet, and their inspectors have completed their final evaluation. Their GlobalGAP certificate will be issued within one month, and they have a confirmation letter for now.
- **Environment:** The Agribusiness Project hosted a national Conference on the State of the Environment in Serbia on November 11<sup>th</sup>. The conference provided a forum for the Serbian Environmental Protection Agency (SEPA), and researchers, agencies, and environmental service providers, to receive up-to-date information on the economic and environmental factors that influence farmer & agribusiness choices.



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of November 16<sup>th</sup>, 2009

CTO: Djordje Boljanovic

**POLICY/AG INFO:** The Agribusiness Project, in cooperation with the service provider AGROMREZA and the Ministry of Agriculture, conducted the 14<sup>th</sup> two-day seminar as part of the program “Market Analysis, Utilization of Information from STIPS, and the Basics of Marketing”. The seminar was held in Sremska Mitrovica on November 20<sup>th</sup> and 21<sup>st</sup>, and farmers from the region were educated on agricultural markets in the region and in Serbia, based on the information available through STIPS. A specific emphasis was placed on the analysis of agricultural markets for commodities produced in the Srem region. Farmers were also trained on the use of information available from STIPS, including information types, structure, the methods of accessing information, and the analyses possible based on the available information. The informational brochure handed out by AGROMREZA for the seminar is shown at the right.



### **Other Project Activities:**

- **Vegetables:** The second session of the Farm Management seminar series was held in Kanjiza between Nov 14<sup>th</sup> and 18<sup>th</sup>. During the seminar the following topics were presented: Partial budgeting, Income statements, Financial analysis, Economic principles, and others. The participants were especially interested in the risk management and investment efficiency calculations, which were covered during the seminar. The final session of this seminar series will be held in February when the participants will visit selected producers to collect data and prepare real-world documents and calculations based on the data collected. The goal of this series is to help producers pay closer attention to financial management, and to keep better financial records so that they can use them for financial analyses which can guide them in their managing their businesses for better profitability, liquidity, solvency, etc.
- **Policy/Grants/Communications:** Staff from the Agribusiness Project participated in the celebration of the 5<sup>th</sup> anniversary of AGROPRESS, the Association of Agricultural Journalists. They presented their major accomplishments of the past year, emphasizing collaboration with the Agribusiness Project on the organization of two major programs: the National Conference on Agribusiness in Serbia 2010, and the Program to support Women Entrepreneurship in Agribusiness. The Project will continue to collaborate with AGROPRESS on the promotion of public awareness regarding agricultural issues.
- **Tree Fruit:** Following the initiative to expand activities in southern Serbia, the Chief of Party and the Tree Fruit Sector Lead held meetings with the Prokuplje and Kursumlija municipalities to explore areas for collaboration and assistance. Regarding tree fruit, there are more than 2000ha of sour cherry trees in this region, which is a traditional tree fruit crop grown in southern Serbia. The main problem for sour cherries at the moment is the low prices being offered for sour cherries. As a result of the low prices, and the lack of interested buyers, more than 40% of this year's crop remained un-harvested.
- **International Standards Program:** Greeny, a company from Arandjelovac, has successfully completed preparations for the introduction of the GlobalGAP and ISO 22000 standards, and will be fully certificated by the end of the year. Turkovic, a meat processor from Sjenica (in southern Serbia), has also completed preparations for ISO 22000 certification, and they are the only meat processor from that region which will have ISO 22000 certification. As with Greeny, they will be fully certified by the end of 2009. These two companies have gone through the process of introducing these international quality standards with assistance from the Agribusiness Project's program on international standards.
- **Marketing & Sales:** Agribusiness Project staff from the Marketing & Sales group participated in the *Serbia On-Line* talk show on the cable channel Kopernikus Television on Monday, November 16<sup>th</sup> at 5pm. The discussion covered the general competitiveness of Serbian agribusiness companies, and the types of assistance the USAID Agribusiness Project is providing to these companies. *Serbia On-Line* is a 30 minute weekday talk show which watched by hundreds of thousands of Serbs.



## **USAID Serbia Agribusiness Project – Weekly Report**

Week of November 23<sup>rd</sup>, 2009

CTO: Djordje Boljanovic

**HERBS & MUSHROOMS/GRANTS:** Bilje Borca, a client company that has received a Project grant to improve their packaging and labeling, has developed a new brand name and new packaging for their teas that will be exported to the US market. The image at the right shows the new tea packaging and labeling, as it will be used for both foreign and domestic markets. The packaging for the teas is the final element of their grant program, and at this point the Herb & Mushroom Sector Lead is assisting Bile Borca to prepare the necessary documents for their reimbursement. Bilje Borca has already delivered \$92,000 worth of tea products to the US market, and they expect to make an additional shipment of \$70,000 by the end of December 2009.



### **Other Project Activities:**

- **Vegetables:** Biotrend, a vegetable processing company from Novi Sad, conducted negotiations last week in Budapest with White Lake, the largest distributor of products under a controlled environment in Hungary. White Lake will sell their products in the four largest supermarket chains in Hungary: Achan, Metro, Interspar, and BCA. All arrangements regarding pricing, transportation, and promotion have been finalized, and the first export will take place in January 2010. Biotrend established this valuable contact during their recent Project supported participation at the Anuga Food Fair in Germany.
- **Producer Organizations/Tree Fruit:** The Project's CoP, Producer Organization Specialist, and Tree Fruit Sector Lead traveled to Nis to meet with the director of the Danish LEDIB programme and his associates. LEDIB is a five-year programme which will support local economic development in the Nisava District, with a focus on the SME Sector. The Agribusiness Project took the initiative to arrange this meeting with LEDIB to explore possibilities for collaboration and to avoid overlap in future activities in the Nisava District. Their focus will be on (1) helping sour cherry growers from Merosina municipality to organize as a cooperative; (2) establishing a union of agricultural associations as a private ABDS provider; and (3) support to the agricultural high school in Aleksinac. The Project will prepare a proposal for cooperation with LEDIB by December 7<sup>th</sup>, after which an MoU will be signed.
- **Grant Program:** The Project's CTO has provided technical concurrence to the final two grant applications for marketing and promotional activities. These grant applicants have requested grant funds totaling \$18,033 (representing 44% of their planned program costs) for marketing and promotional improvements. Based on these initiatives, these applicants expect to generate additional sales totaling \$350,000, and up to 11 new jobs. With this lot, the grant committee has approved 23 grant applications under this program, with total grant funding of \$397,402.
- **Tree Fruit:** The Tree Fruit Sector Lead met Ms. Evica Mihaljevic from the Fruits of Serbia Association to discuss the participation of tree fruit companies at the Fruit Logistica Fair in February 2010. In addition to the discussion of Fruit Logistica, the potential of cooperation between the Association and the Project on the printing of the Manual on Apple Fertigation and Irrigation in Serbia was explored.
- **Policy/Livestock:** The Project's Deputy COP and Senior Policy Specialist met with the management of the meat processing company S.A.M. following their request for assistance to help them meet the legal requirements for the export of animal origin products as prescribed in the Veterinary Law. S.A.M. produces ready-to-eat meats, and full meals, that are currently being sold only locally, and would like to expand their business to neighbouring countries. Assistance would involve the preparation of technical materials needed to modify and adapt the production facility to obtain an export control number.



**USAID Serbia Agribusiness Project – Weekly Report**

Week of November 30<sup>th</sup>, 2009

CTO: Djordje Boljanovic

**DAIRY/MARKETING/GRANTS:** Nis Dairy, a medium scale dairy plant located in the southern city of Nis, has completed the design of their new promotional campaign aimed at increasing the consumption of dairy products by children in their market area. This marketing campaign is being partially funded through the Agribusiness Project's Marketing & Promotion Grant Program. Nis has developed new dairy product packaging, using the trade name "Robi", which will be the focus of a broad based marketing campaign aimed at the parents of younger children. The campaign will emphasize the nutritional benefits of dairy consumption, and initially Nis will sell their milk in two-packs of 1L UHT milk cartons. The image at the right shows the general presentation of the nutritional benefits of dairy consumption that will be included in the "Robi" marketing campaign.



**Other Project Activities:**

- **Collaboration:** The Agribusiness Project Chief of Party participated in a four-day conference on agriculture in Serbia, organized by the Ministry of Agriculture, the USDA Serbia, and the Institute for Science Application. During the conference the CoP gave a presentation on the design and activities of the Agribusiness Project, and had a chance to meet with Ministry officials, USDA representatives, and other invited guests. The CoP also had discussions with Zaharije Trnavcevic, a moderator on the B-92 television station, regarding future appearances for the Agribusiness Project on B-92. This event had over 150 attendees, including representatives from all 34 agricultural extension offices in Serbia.
- **Marketing & Sales:** Marketing and Sales staff met with the Serbian Halal Agency from Belgrade to discuss the validity of their Halal certificate outside of Serbia, and specifically in the Malaysian and Indonesian markets. The Serbian Halal Agency recently joined the International Halal Integrity Alliance, and they expect to be recognized by all participating countries within the next six months. The Serbian Halal agency approached the Project with the idea of coordinated participation at the Malaysian Halal Food Fair in June 2010. Marketing & Sales are working with the Embassy of Malaysia on coordination of the Serbian exposition, and the development of business to business linkages.
- **Berries/Tree Fruit/Vegetables/ABDS:** The Project has finalized preparations for the presentations of Ozone generators that will be conducted by Mr. Jonathan Caisley, Director of Biofresh, from the UK. In addition, Mr. Zagula, Executive Director of Lagermax, will present the logistics and consolidation services they provide. The presentations will be held on December 8<sup>th</sup> in Uzice and Valjevo at the respective Regional Chambers of Commerce, and in Belgrade on December 9<sup>th</sup> at the Hotel IN. Besides interested Agribusiness Project client firms, ABDS providers, and officials from Serbia, a few partners from the region, invited through the RCI Project, have confirmed their attendance as well.
- **Dairy/Grant Program:** Grant recipient Taurus Agro Consulting has received their final reimbursement of \$5,723, after the successful completion of the dairy campaign "Fostering Innovation and Quality". This grant program assisted a number of dairy stakeholders throughout Serbia; including 80 farmers and 7 ABDS providers. The participating ABDS providers were actively involved in the preparation of modules, practical trainings, and on-farm assistance, as well as the project seminars. Preliminary results indicate that the assisted farmers have been able to increase milk quality and quantity, with a value of more than \$900K over the period October 2008 – October 2009.
- **Tree Fruit/Producer Organizations:** The Tree Fruit Sector Lead and the PO Specialist attended the founding assembly of the sour cherry grower's cooperative in Merosina. The founding of this cooperative has been supported by the Danish LEDIB program, which is expected to become an international partner with the Agribusiness Project. Suggestions for a partnership to support this cooperative, and sour cherry production in southern Serbia, will be provided in a Proposal for Cooperation which will be delivered to the LEDIB program on December 7<sup>th</sup>.

## **USAID Serbia Agribusiness Project – Weekly Report**

Week of December 7<sup>th</sup>, 2009

COTR: Djordje Boljanovic

**BERRY FRUIT/ABDS:** The Project organized a series of presentations of Ozone generators, a new and effective technology for fresh fruits & vegetables' shelf-life extension. The presentations were delivered by Mr. Jonathan Caisley, director of Biofresh, UK. In addition, Mr. Zakula, executive director of Lagermax, presented to the audience logistics and consolidation services which are also a necessary step to successfully supply export markets with fresh produce. The presentations were conducted on December 8 in Uzice and Valjevo at premises of respective Regional Chambers of Commerce, and in Belgrade on December 9, 2009, at Hotel IN.



A total of 62 participants attended the presentations. Besides representatives of private companies, POs and ABDS providers dealing with fresh fruits & vegetables, officials from Serbian Ministry of Agriculture as well as representatives of USAID-funded projects in Bosnia and Kosovo attended the events as well. All the participants showed interest in learning about and applying this technology in Serbia. To assist that process, it was agreed with Biofresh that the USAID Agribusiness Project will facilitate trial use and/or demonstrations of the technology in Serbia.

### **Other Project Activities:**

- **Policy:** The USAID Agribusiness Project, in cooperation with the service provider Agromreza and the Ministry of Agriculture, has conducted the 15<sup>th</sup> two-day seminar within the project “Market analysis, utilization of information from STIPS and basics of marketing”. The seminar was organized in Subotica on December 11 and 12, and the local farmers learned about the agricultural markets in the region and in Serbia, based on the information available through STIPS. Specific emphases were given on analysis of the agricultural markets for commodities produced in Vojvodina; farmers were also trained in the use of information available through STIPS, including information type, structure, manner of accessing information, and analysis possible based on the available information. Regarding certification, the concept of the Year 3 Program on International Standards was finalized last week, and it will be sent to the COTR very soon in order to obtain technical concurrence for the Program.
- **Herbs and Mushrooms/Vegetables:** On December 7, 2009, H&M and Vegetable sector leads visited Agroplus – berry fruit company, “Fructus”- tea company and “Melissa Farm”- medicinal herbs company, together with USAID staff, Djordje Boljanovic and Sinisa Cadjo. During the visits, USAID learned about implemented activities and achieved results, as well as about client needs and planned activities.
- **Grants:** The USAID Agribusiness Project reimbursed \$9,624.40 to the following grantees: Turkovic received the final reimbursement within the grant agreement IC-FY-2-19, in the amount of \$3,575 upon successful ISO 22000 certification; Agricultural Innovation Center, Arilje received the final reimbursement within the grant agreement EG-FY-1-3, Development of the Center’s accredited laboratory, in the amount of \$3,349.40; interim payment to Grow Rasad (IC-FY-2-26) in the amount of \$2,700 after successful completion of the consulting and preparations for introduction of GlobalGAP standard. In addition, the USAID Agribusiness Project has signed MoU with KIRKA PHARMA (Mushroom & Herbs Sector).

## **USAID Serbia Agribusiness Project – Weekly Report**

Week of December 14<sup>th</sup>, 2009

COTR: Djordje Boljanovic

**GENDER/GRANTS:** Agribusiness Project Chief of Party, Lou Faoro, traveled to Jagodina to participate in the award ceremony for "Women in Agriculture", where the winners received prizes for establishing new agribusinesses following the "Women Entrepreneurs in Agribusiness" training program conducted by AGROPRESS. During the event Lou met the Minister of Agriculture, and other prominent Serbian officials involved in agriculture and agribusiness. The Minister was very complimentary of the partnership the Project has with the Ministry, and thanked Lou for the support the Project has provided. The picture above shows the two winners, meeting with the Lou Faoro and Goran Djakovic, the AgroPress Director. These two women participated in the AgroPress training program, and at the event they stated that this training greatly helped them to compete and win these prizes, which included farm equipment and a tractor, with a total value of more than €25,000.



### **Other Project Activities:**

- **Marketing & Sales/Collaboration:** STTA Jeff Spear gave two lectures on Marketing and the Value of Design to students of marketing in Belgrade. The students came from the Belgrade Banking Academy and the University of Belgrade. The lectures were also attended by Serbian lecturers who expressed great interest in further cooperation. The Project was invited to join a network of universities, institutes, consumer organizations, NGOs, and private enterprises on market research activities in Serbia and the Balkans. This project, funded by the EU, is called Focus Balkans (<http://www.focus-balkans.org/>).
- **Policy/Collaboration:** The Agribusiness Project's Senior Policy Advisor compiled a list of planned activities and sent the list to the RCI, as the Project's input for the Information Sharing Program between USAID funded agribusiness projects in the region. The list contains information on Events, Training programs, Exhibition & Fair participation, Exceptional international experts used by the Project, Recommended regional consulting companies, and Studies and Analyses completed by the Project.
- **Dairy/Grants:** The Grants Manger and the Dairy Sector Lead visited Taurus Agro Consulting, to review their recently completed grant program: Fostering Innovation and Quality Dairy Campaign. This program assisted dairy processors to help their farmer suppliers improve the quality and quantity of their milk production. This training & advisory program has directly contributed to a 37% increase in the number of cows at participating farms, and milk sales to the processors increased by 450,749 liters of milk (a 57% increase). The quality of the milk also noticeably improved, with the average milk fat increasing by 3.4%, and the average protein content increasing by nearly 2%. Based on preliminary data, these improvements have resulted in a \$220,000 increase in milk sales revenue for participating farms, two new farms were established, and an additional 14 jobs were created with Project assistance.
- **Producer Organizations:** The Ministry of Agriculture has issued a public call to agricultural cooperatives to apply for participation in the Cooperative Management training program. This is a joint program that will be organized and funded jointly by the Ministry and the Agribusiness Project (the public call for participation can be found at: <http://www.minpolj.gov.rs/download/konkurs.pdf>). The training modules for this program were developed by Agribusiness Project consultant, Mr. John Haydu, and they will be presented in January & February 2010 through a selected outside service provider.
- **Herbs & Mushrooms:** As a result of Project supported participation at the VitaFoods Fair in Geneva, the Fructus company has delivered their first shipment of semi-processed medicinal plants to a new buyer from Switzerland. This first shipment has a total value of \$31,500, and it is expected that their sales to this buyer over the coming year will amount to more than \$150,000.
- **Dairy:** The Velickovic Dairy, from Surdulica in Southern Serbia, was audited and has now successfully completed the ISO 22000 certification. This is the first dairy in the South to receive ISO 22000.

## **USAID Serbia Agribusiness Project – Weekly Report**

Week of December 21<sup>st</sup>, 2009  
COTR: Djordje Boljanovic

**ABDS/Finance:** On December 23, 2009, the Project organized a presentation of the future food show in Belgrade that local service provider “Belxpo” will organize with our support. All 28 participants expressed interest in this show which has a working name “Pijaca (market) in Belgrade” and it is scheduled for the second half of June 2010. SIEPA, GTZ and Chamber of Commerce also promised support in many different activities: promotion and attraction of buyers and exhibitors both local and international; organization and bringing interesting speakers for the conference part of the fair; financial support for marketing activities. “Belxpo” announced that all information regarding the show will be available on line as of Feb. 1, 2010 on their website.



### **Other Project Activities:**

- **Policy/Standardization:** On December 21, 2009, the Project has launched the “Program of Support for Agribusinesses in Serbia for Improvement of the Food Safety and Quality Systems”. The primary goal of the Program is to enhance the process of introduction and certification to the international standards. This Program will contribute to the improving the quality and competitiveness of the Serbian agricultural products, and thus facilitate their sales in the world market. Funds from this Program will be designated for financing the part of costs for consulting and certification to the following standards: Global GAP, ISO 14001, ISO 22000, Organic, IFS and BRC.
- **Policy/EU Accession:** The Project prepared an overview of the Stabilization and Association Agreement (SAA) and the Interim Agreement on Trade And Trade-Related Matters signed between Serbia and EU. The Agreement provides for gradual liberalization of the Serbian market for products originating from the EU, during the period of 6 years (until 2014). Application of the Agreement by the EU guarantees that the EU market will remain fully open to almost all Serbian products. The Agreement ensures the definite and predicable legal framework for Serbian producers and international investors to plan their business; however, the liberalization process will result in greater competition at the Serbian market.
- **Grants:** Upon successful introduction of GlobalGAP standard, the Project reimbursed \$9,281 to the following grantees: ABD-Prom, Atos Vinum, and Zdravo Organic. Following the COTR’s preliminary technical concurrence, Junior Achievement Serbia submitted a full grant application for the grant funds in the amount of US\$ 21,100 to integrate additional 25 agriculture schools throughout Serbia, into a comprehensive extra-curriculum educational program, which covers the topics such as creation of a company, management and operations, applied economics, etc.
- **Herbs & Mushrooms:** On December 25, 2009, “Bilje Borca” successfully completed its grant “Tea Packages Redesign and Labeling According to US Market Requirements” and received its final reimbursement of \$11,900. The grantee’s cost-share was \$20,722 for printing the labels. Over the past few months, additional \$92,000 was exported to the US, \$180,000 of additional sale was made on domestic market and 3 new jobs were created.





## **USAID Serbia Agribusiness Project – Weekly Report**

Week of December 28, 2009

COTR: Djordje Boljanovic

**Marketing&Sales:** Within the preparations for the Fruit Logistica trade fair in Germany (February 2010), M&S team sent the invitation for the sales training to be held on Jan. 25, 2010 in Belgrade. The Project plans to present the fruit and vegetable market research results related to tariffs, customs and import-export trends, as well as the analysis of implications on Serbian agriculture of the recently signed trade agreement with Belorussia and Turkey. At least 30 companies are expected to attend. M&S team received a proposal from the Montenegrin “Adria Fair” to be held in Budva (March 17-20, 2010) to invite client companies to meet importers, distributors and retail chains at this special event devoted to agribusiness. M&S team met with “Media Group”, publisher of the "200 Best Serbian Companies" catalogue and discussed the idea of the Project providing company information and success stories to be published in the catalogue.



### **Other Project Activities:**

- **Policy/Standardization:** Concerning the recently launched Program of Support for Agribusinesses in Serbia for Improvement of the Food Safety and Quality Systems, the Project distributed relevant information to national and local media, LED and USAID offices, and Serbian Chamber of Commerce. Complete Program documentation is available at: <http://www.agrobiznis.net/serbian/31/nabavke/>. The deadline for submitting applications is March 1, 2010.
- **Producer Organizations:** The Project conducted specialized training to assist targeted associations and groups to understand requirements of the new Serbian Law on Associations, and to support formation of new associations in compliance with the Law. The Project held two workshops: 1) Support to formation of a new National Blueberry Association, December 28, 2009 in Cacak, and 2) Support to formation of new Association of MAP processors and exporters, December 29, 2009 in Belgrade.
- **Dairy:** Within its efforts on establishing links between dairy farmers and processors, the Project will provide a limited material support and technical assistance to four dairies in implementation of specialized IT software to increase efficiency of milk supply logistics. During last week, USAID M/CIO/BCCS has completed the ADS Chapter 548 review and provided its concurrence on procurement concept for this dairy software. The implementation of the project activity will start early January 2010.
- **Grants:** Due to administrative delays in issuing certificates, Golden Garden (IC-FY-2-35), Citadela (IC-FY-2-38), Bilje Borca (IC-FY-2-18), Dina Pecurka (IC-FY-2-32) and Ribnjak Sutjeska (IC-FY-2-24) submitted requests for extension of their grant agreements for introduction of international food standards (scheduled to be completed on December 31, 2009). These grants should be successful completed by March 31, 2010.
- **M&E:** During last week, the Project clients submitted the Quarterly Survey data (sales and employment in Y3Q1, covering the period Oct. 1 – Dec. 31, 2009). The results will be included in the Quarterly Report due mid January 2010.
- **Procurement:** The first group of awarded recipients of Youth Enterprise Grants Program (winners of the Best Business Plan competition) received equipment for their start-up businesses.
- **Communications:** Monthly (December 2009) media monitoring report was prepared with 25 stories - 7 print and 18 electronic media clippings. USAID Agribusiness Project web site was updated by adding the “Overview of the SAA Interim Agreement” on the "Resources" page.