



**USAID Serbia
Agribusiness
Project**



USAID Serbia Agribusiness Project

Annual Report – Project Year Three

October 1, 2009 – September 30, 2010

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I. EXECUTIVE SUMMARY:

Activities undertaken by the Agribusiness Project for Year Three can best be characterized as a bridge between focusing on intense implementation of Project activities, to preparing local private sector service providers to serve as implementers. This in turn was preparation for the next major program phase which is project transformation, the process which will span the activities undertaken in Years Four and Five. Broad transformation is the end goal of the Agribusiness Project. Transformation occurs when the project completes its fifth year and departs, leaving behind an agricultural sector that is stronger, more competitive, and sustainable. We recognize that, given the limited financial resources available through the Project, sector transformation will be most clearly evident in the six sub-sectors of direct concern to the Project. It is at the end of Project Year Three that this progression of program and staff development (year one), vigorous Project implementation (year two), developing local resources (year three), divesting responsibilities (year four), and mentoring/phase-out (year five) becomes evident as a logical continuum. As a program, we have now a good sense of where we are going, where we have been, and how the two notions relate. The image at the right shows the promotional flyer for the Culinaria Food Fair in Belgrade, one of the more important transformational events that the Project organized in Year Three.



Staff and management adjustments accomplished in year two led to a high and sustained level of program implementation in year three. This is reflected in a higher average expenditure rate and a commensurate higher performance level in meeting overarching target indicators, including a surge in sales and reasonable success in employment generation, two major program goals. The lingering and still serious global financial crisis, with its resulting dearth of investment and lack of reasonable financing, has been an impediment in meeting these goals and will continue to be in Year Four and perhaps beyond. Should the financial crisis not abate, we may witness lower achievement rates for these key goals, and slower transformation progress. An additional concern, being addressed through a substantial study, is the impact of trade liberalization on Serbian agriculture and agribusiness. Liberalization brings a mix of trade effects, among them significantly increased competition from the EU and other exporting countries. This reality might well be a concern in all of our sub-sectors, and it certainly will be in vegetables.

The project continues to place importance on relations with the Ministry of Agriculture, with other donors, and with other development projects. As an example, we regularly invite the ministry to participate in our program planning and strategy events. We have cultivated these relationships in Year Three and expect to capitalize on them in succeeding years. We attribute a number of results to this emphasis, including greater willingness of the ministry and of SIEPA to finance international fairs and trade shows, and interest in signing MOUs with the project by the Danish Development Program, and by development projects such as GTZ, HELP, and LEDIB. Such coordination and resource leveraging can appreciably enhance our program.

An important observation from Year Three is the increasing utility of the grants component to the overall Project mission. In Year Three we identified key client firm needs best met through grants.

The grants component thus is well defined for the remaining life of project. To enhance the effectiveness of grants, training and other Project services are provided to grant recipients. This will especially benefit youth and rural women grantees, and is an innovative program enhancement. Grants contribute significantly to our ability to affect program transformation by identifying and engaging associations and cooperatives to perform higher level, more sophisticated development activities. We view this result as a significant program breakthrough and a broad step forward. In addition we have improved grant application procedures so that the process is less labor intensive both for applicants and administrators. This is reflected in the expectation that all grant funds will be expended or committed by the end of year four. In short, we believe that we have achieved good balance in our grant program components.

Throughout year three we consciously tested our assumptions concerning the appropriateness of our sub-sector selections. We intended not to enter Year Four without full confidence that we were meeting USAID's admonitions to get the "biggest bang for the buck", to seek opportunity, and to remain creative. We concluded that with some necessary adjustments in the vegetable and livestock sectors, and to a lesser extent in the tree fruit sector, and a change in emphasis in the mushroom & herb sector, we are



operating in the correct product areas. Other, though less significant adjustments include a clearer focus on intervention points for livestock, an increased focus on domestic markets for vegetables, and a recognition of the primacy of the Russian market in tree fruits. We continue to ensure that our activities in all six sub-sectors impact on the full range of the value chain from production through processing and marketing. The image at the right shows the audience at the Renewable Energy & Agribusiness conference the Project organized in collaboration with AgroPress in June.

The realities of agriculture in Serbia today includes changing and unpredictable weather patterns, a continuing global financial crisis, increased competition from neighboring countries, and changing market demands. Serving the agriculture sector effectively given these ever-present conditions requires the project to be flexible and innovative. These attributes will be as important as technical inputs over the remaining project life. A good example is the problem a large dairy had due to the financial crisis. It was not being paid by its retail buyers, and could not remain solvent. Working with Project assistance the dairy established its own retail stores and has been successful. These stores have become new and expanding profit centers.

In Year Three we discovered an important need to address youth in agriculture. Serbian youth generally are not prepared to deal with the family farm as a business. We also recognized significant potential for bolstering unemployed rural women by assisting them to become entrepreneurs. We effectively used our grants component to address both these formerly neglected sectors. The result will be numerous new enterprise start-ups.

Some of our longer-term, less visible Project activities began to produce important results in Year Three. These included training programs aimed at improving animal health in general and the quality of animal products in particular. These programs train producer and processor firms and through them we are improving the products and competitiveness of thousands of rural

beneficiaries. We believe that these focused training efforts will make major contributions to our program impact by Year Five Project completion. Contributing to this is our improving ability to identify and measure the impact of such subtle initiatives.

Short-Term Technical Assistance remains a key component of our program and serves as the lifeblood of our efforts. It is through STTA that we can respond to changing conditions, new opportunities, and emerging problems. We will continue the trend noted during year three to identify and utilize more Serbian resources through STTA engagements. Our ability to forecast STTA needs, identify appropriate consultants, and field them on a timely basis has improved over our three-year project life. This ensures increased effectiveness and improved management of this program component over the next two years.

Our policy component remains a key though less visible program component and serves as our main intersect with the ministry. This component produces policy and program guidance for the agriculture sector through timely and focused project-funded studies. It also is the point of contact for frequent and diverse policy discussions with government entities relating to information exchange and to services the project can provide to advance the agriculture policy agenda. As Serbian accession to the EU draws nearer, this Project component becomes more important and more engaged. We attempted in Year Three to progress toward transformation of this component by working with entities such as NALED, SEEDEV, Agropress, and others that assess and challenge public policy as a matter of course. We will continue this course through to the end of the Project in Year Five. The image at the right shows Deputy Mission Director Marilyn Schmidt addressing the national conference on Food Safety that the Project organized in collaboration with AgroPress in March 2010.



We were pleased at the results of our Year Three impact survey. Despite the continuing financial crisis, with all its attendant challenges, the Project recorded \$45.6 million in contracted sales, 76% of which were for exports. From these contracts Project client firms delivered products valued at \$34.2 million, a 75% conversion ratio. Over the near future, more of these contracts will be converted to delivered products. In addition, again despite the referenced negative financial circumstances, the Project generated over 1,000 jobs. We also note that income by agricultural business service (ABDS) provider firms amounted to \$2.3 million, over five times the income level reported in Year Two. This is a direct indication of our progress in moving toward program transformation and the transition of services to the private sector.

II. ACTIVITIES PLANNED & IMPLEMENTED DURING THE PERIOD:

Component 1: Increased Efficiency & Competitiveness of Agribusiness

1.0 COMMODITY ACTION PLAN ACTIVITIES:

1.0.1 Berry Fruits:

The main characteristics of the Berry Fruit sector in Serbia in 2010 were: average harvest results, stagnating global demand, continued pressure on export prices, high debt loads among the processors, and decreasing new investment. Again, unfavorable weather conditions during harvesting season have negatively affected yields and fruit quality. During Year Three the Project continued to support the berry fruit industry in two main directions: establishment of a fresh berries sub-industry, and improving competitiveness of value-added processed berries, both aimed at increasing the value of product sales and exports, and the creation of new employment. The main focus was on activities that advance the production/processing efficiency and knowledge of new technologies, improve access to markets, and strengthen producer organizations. Field advisory assistance to support the introduction of high-tunnels for fresh berries, an exchange mission to Spain, exhibition of products at leading international trade fairs, technical assistance to development of cranberry production are among the highlights for the berry fruit sector during the past year. The photo at the right shows the representative from Hargreaves plants, from the UK, inspecting raspberry plants at a Project client site. Hargreaves is the only source for the new raspberry variety, Polka, which is the best variety available for the fresh market. This visit is a further step in the introduction of new berry cultivars which are suitable for the fresh market.



In addition, the Project organized a number of sector-specific and cross-cutting initiatives, such as grant programs for introduction of international standards and product marketing & packaging, presentation of Ozone generators, assistance to introduction of new varieties, etc. While previously identified leverage points continued to play an important role in supporting Project activities, new producer organizations assisted by the Project began taking over the initiative and responsibilities. As result of such broad assistance, twenty clients from the sector reported a total of 125 full-time and part-time jobs generated, and over \$8.2M of new sales contracted, of which \$6.3M were delivered during the year; with an 85% export share. Also, over Year Three the first ever successive exports of fresh raspberries and blueberries were accomplished. The major activities during the year are listed in the following paragraphs.

➤ Training on the Use of High Tunnels for Berries:

During the year the Project implemented several activities to enable producers to extend the production & marketing season, and to improve fruit quality, by applying high-tunnels, and take advantage of opportunities in both domestic and export fresh markets. Due to the selected American consultant's limited availability, and a delay in getting the necessary approvals, the training program itself has been postponed for Year Four. Other activities include:

- The High Tunnel Raspberry and Blackberry production manual, developed by experts from Cornell, has been adapted by a local consultant and 500 copies printed to assist with the know-how transfer from US-based growers and extension service providers.

- From April to September a local consultant monitored conditions and the status of raspberry fields established for the fresh market. He advised producers on field management measures, and on equipment and preparations for high-tunnel and/or shade establishment.
- Through designating staff to take part in the activities and the broadcast of various materials, TV B92 actively joined the initiative and on several occasions presented Project activities related to the introduction of high tunnels and thus expanded the reach of the activity.

➤ **Technical Assistance for Producers Establishing Cranberry Fields:**

Based on recommendations from the cranberry production assessment in Serbia done in Year Two, the Project continued support to cranberry producers and potential ABDS providers to introduce the crop and develop their production capabilities and expertise. In spring 2010 the Cranberry Consultant, together with a local consultant and the Sector Lead, assessed large potential sites and provided future investors with recommendations regarding these sites' suitability and required bed establishment activities. The Project team also visited several growers and suppliers of planting material, evaluated plant development and potential disease problems, advised the clients on needed bed management and plant propagation techniques, and reviewed the current status and potential for the development of cranberry production in Serbia. At all sites it was obvious that cranberries can develop well in Serbia, but the know-how is lacking. Within this activity the team delivered trainings, with plant propagation as a main topic. The trainings were attended by over 180 current and potential cranberry growers from different regions, students and university professors.

➤ **Support for the National Blueberry Association:**

As result of Project assistance, blueberry producers and ABDS providers from around Serbia gathered, and in early 2010, officially registered their national umbrella organization. The Project supported the process through the provision of advice regarding registration and strategic planning, targeted market analysis, advising on product promotion, and linking with potential buyers. During this past year the newly-established National Association *Serbian Blueberry* became operational and began serving their members, with the main focus being on marketing and promotion. In May the NASB organized an inward trade mission to Serbia for two German companies specializing in fresh fruit trade. Following these visits, export arrangements were finalized, and the first ever shipments of fresh blueberries from Serbia to Austrian, German and Russian markets were completed. As result, over 50% of the total 2010 blueberry crop was exported, with a total value of \$153,000. There is great potential to grow this export in the near future, and to include other berry crops as well. Through national and international media the NASB has started promoting fresh blueberries, and the association. Via the grant program for national associations these activities and the NASB's training program will be expanded.

➤ **Support for the International Standards Program:**

To improve their product quality, market access and overall competitiveness, the Project continued to support growth-oriented businesses in the process of implementing international standards. A total of seven applications were received from the berry fruit sector, and they have been approved for funding. The standards sought include BRC, ISO 22000, GlobalGAP and IFS. Currently the implementation of consulting and/or certification activities is ongoing. By the end of Year Three, with Project assistance, the first GlobalGAP certificates had already been awarded to two farmer's cooperatives dealing with blueberries and red currants, as well as ISO 22000 to a producer of processed/sugar-infusion dried berries. A few more certifications are anticipated to be completed by the end of calendar 2010. As a direct result of the introduction of standards applied for, the three Grantees who completed the certification process in Year Three have already generated over \$1M in new sales revenues, and they have created new 10 jobs.

➤ **Sales Exchange Mission to Spain (Huelva Province):**

During the year the Project organized a Berry Fruit study tour to Spain, with assistance from World Learning and in close cooperation with Hargreaves Plants, the main supplier of planting material for the Spanish producers. Ten representatives of berry fruit producers, and ABDS providers, along with the Berry Fruit Sector Lead and a local consultant, travelled to Huelva province in mid May and visited the leading producers and suppliers of fresh raspberries and strawberries to the EU market. During this four-day activity the participants visited berry fruit production fields set-up under tunnels, and grading and packing units of the host businesses, and learned about the details of successfully organizing fresh berry fruit production, post-harvest operations and marketing. The activity generated substantial media coverage in Serbia, and a number of articles on the Study Tour to Spain were published in the print media, and several reports were broadcast on national TV.

1.0.2 Dairy Products:

Over the course of Year Three the Project was supporting domestically owned medium scale dairy processors, who are seen as the ones with the potential to meet the requirements for the transition to EU accession. However, being that the period 2009-2010 was influenced by the global financial crisis, most Project efforts were related to activities which would help dairies consolidate their businesses, and maintain the positions on the market. The general conclusion is that most of the dairies were focused on maintaining their businesses, rather than considering investments in future growth. In addition, the Project provided support to smaller dairies to build their brand identity through production specialization. In the latter stages of Year Three, the Ministry of Agriculture expressed a strong interest to work collaboratively with the Agribusiness Project, using the Project's accumulated experience in developing commercial farm production. The Project worked with the USDA, and used ABDS providers, to improve dairy prospects. The final quarter of Year Three has been a particular highlight for the dairy sector, which was characterized by a national milk crisis and the government's inability to cope with the problem. The Project's estimate is that the dairy sector will be one of the focus sectors in 2011 with new opportunities for Project intervention.

➤ **Educational Dairy Farm Management Program:**

This program has been one of the key milestones for the sector this year, and it has been characterized by several continuing steps. The "Fostering Innovation and Quality" Dairy Campaign of Year Two 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 program 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 the program. Apart from designing the methodology for dairies, ABDS providers, and farmers in line with EU standards and requirements for the dairy industry, the program allowed these clients to report \$316,357 of increased sales. The Agribusiness Project achieved the grant goal of delivering "know how", and concrete field results from implementing the new standards and procedures, which are now obligatory for dairies and farmers. The picture above shows the US Ambassador, accompanied by the Deputy Minister of Agriculture, on a tour of the Kuc Dairy farm which will be the site of the training center for this project.



(the text for this section continues on page 8)

The map shown below presents the distribution of Project clients (agribusiness firms, coops, associations and grantees) by sub-sector and by district. As can be seen on the map the Project had active clients during Year Three in every district except Branicevski Okrug.



The Project followed up this program with workshops in Pirot and Kragujevac to present the impact of the program to LED offices, local governments, and the rural network. As a result of these awareness raising conferences, the Project developed a cooperative activity with the Ministry of Agriculture, Mladost and Kuc dairies, and coordinated by the Center for information and Education from Kragujevac, with technical backstopping by Taurus Agroconsulting and local ABDS providers. The goal of this program is to increase the number of commercial-sustainable dairy farmer businesses in the Sumadija region by setting up a training center and implementing a series of tailored made workshops. The dairies and the Ministry of Agriculture will also be supporting additional modernization assistance for the participating farms.

➤ **Improving Dairy Company Management Decision Making:**

In December 2009, the USAID office M/CIO/BCCS completed the ADS Chapter 548 review and provided concurrence on the procurement of Dairy Management Software which allowed the Agribusiness Project to provide assistance to four dairies in the implementation of specialized IT software to increase the efficiency of their milk supply logistics. Throughout the year, Mladost, Kuc, Granice and Sabac dairies participated in a series of training seminars, along with the software setup, for better controlling their dairy processes.

➤ **Aligning the Serbian Certificate for Dairy Exports to US Regulations:**

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 this cooperation between the USDA and the Agribusiness Project, the Veterinary Department in the Ministry of Agriculture adopted a new certificate which is applicable for the USA market. What remains as a limiting factor is that the Ministry of Agriculture approved only 6,000 lit/day out of a potential for 220,000 lit/day, as a result of milk quality standards.

➤ **Renewable Energy as a Means for Increased Dairy Competitiveness:**

The Agribusiness Project coordinated with the USDA on the introduction of a new technology 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 to provide technical assistance to a number of interested companies in developing Feasibility Studies for Waste Management and Biogas generation. The first Study was completed for the Lazar Dairy in Blace, spending \$40-50,000 annually on energy, while the implementation of biogas solutions from farm waste (dairy cow manure) could payoff the investment in three years. Additional studies were developed for Kuc Dairy, Almex farms, and the Neoplanta slaughterhouse. The Agribusiness Project has continued assisting clients in this activity by supporting a trade mission by Lazar Dairy to see the US technology in action in Wisconsin. At the close of Year Three, Lazar Dairy had committed to sign a \$650,000 contract with GHD to introduce this US technology in Serbia, which would be the highest investment in US technology for years.

➤ **Increased Market Access for Dairy Sector Clients:**

Kuc, Nis, Mladost, and Velickovic Dairies completed activities related to the Agribusiness Project marketing grant program. Kuc dairy opened 11 new stores as a part of its own retail network under the brand name “Livade”. A total of 25 new jobs were created, and Kuc reported additional sales of \$900,000 during Year Three, with sales levels continuing to grow. Similarly, Nis Dairy introduced a new product on the local market: “Robi” vitamin enriched UHT milk for school children. This was followed up by a media campaign, which generated \$300,000 in new sales as a result of introducing new product. Mladost Dairy completed the redesign of the packaging for 40 products

and generated additional sales of \$540,000. Apart from the marketing campaign, Lazar Dairy continues to record respectable sales with Metro Cash & Carry as a result of Dairy Sector Lead market linkage efforts, which totaled \$530,000 over Year Three.

➤ **Food Safety and Standardization Assistance:**

Velickovic Dairy from Surdulica successfully completed the introduction of the ISO 22000 standard as a result of Agribusiness Project grant support. This is the very first dairy in southern Serbia to be awarded this important food safety & quality certification. It will greatly assist Velickovic to expand its markets.

➤ **Youth grants and Traditional Cheese Production:**

The Dairy Sector Lead, and the Youth Program Manager, short listed two youth grants which will result in the establishment of mini plants for dairy specialty products in Zrenjanin and Sombor. Djurdjinka and her family own a farm in Zrenjanin where they produce milk and traditional hard cheeses. With Project grant assistance she will install a new milking machine and other equipment, to modernize their milk production capabilities. Djurdjinka expects these new items will result in \$19,000 of additional farm income, and it will create one new job.

➤ **Protection of Traditional Dairy Products:**

The Agribusiness Project provided technical assistance to prepare applications for the Protection of Geographic Designation (PGD) for Svrljig cheese – Kriska, and Pirot Kackavalj. Pogled Dairy, from Svrljig, and the Local Government in Pirot will submit these detailed applications to the Intellectual Property Office, and the Ministry of Agriculture, for final approval and the award of the PGD for these specific types of Serbian traditional cheeses. It is expected that protection of the Kriska cheese will allow Pogled to better position itself on the local dairy market, and on the national market as well. In addition to the economic impact, this activity is important for the promotion of rural values and traditions in southern Serbia.

1.0.3 Livestock & Meat:

The 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. Early in Year Three 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 review, the Project revised its approach to the Livestock Sector to address the key constraints limiting the growth of animal production. One of the main activities will be a grant to fund a training program to be implemented by Project partner "Agrar Kontakt" which will be implemented in the second and third quarters of the year. This program will build on the impact and the results of the first "Agrar Kontakt" grant, and will also continue technical assistance activities begun in Year Two.

During the second quarter of Year Three the Project awarded a grant to "Agrar Kontakt" for technical training programs to be conducted in five regions throughout Serbia. The programs are focused on: improving the efficiency of animal fattening – slaughtering – processing activities; improving farmer financial capacity through better management practices and understanding ways to reduce expenses; upgrading facilities where the animals are kept to improve animal health; and strengthening ties between fattening operations and slaughtering – processing firms. Three training programs were implemented in the second quarter, with attendance being much higher than projected, namely: Nis (113), Krusevac (62), and Kraljevo (157).

Over the course of the third quarter the Agribusiness Project continued to implement the technical training program for livestock farmers being provided by “Agrar Kontakt”, and the Project continued to evaluate and assess the strategy and direction for the livestock sector, given the significant challenges facing the sector at this time. During this quarter “Agrar Kontakt” completed the two remaining training programs as part of their program. These programs were implemented in Vranje and Pozarevac this past quarter, with attendance once again being much higher than expected. In Vranje 60 farmers attended the training, and 93 students also participated. In Pozarevac 39 farmers attended, and 87 students participated.

The review of the Livestock/Meat sector strategy, which was conducted as part of the planning process for Year Four of the Project, has led to a significant change in course for the activities in this sub-sector. In Year Four the Project will shift the focus to small & medium scale meat processors to develop a group of firms that can become key Project partners. The Project will support these firms in their efforts to grow their markets, both internally and externally. The assistance will focus on processed meat products, based on both beef and pork, with a particular emphasis on those products that are seen as uniquely and traditionally Serbian. The Project will undertake a variety of technical assistance activities for these companies, with an emphasis on the use of local service providers as much as possible. The Project will also work with the key firms to support the creation of a new Meat Processor’s Association that can effectively represent the industry to the Serbian government.

Following the revision of the Livestock/Meat sector strategy, and in response to Livestock/Meat sector applicants for International Standards Grants, the Deputy Chief of Party and the Program Assistant from the Nis office visited all of the grant applicants from this sector. This was the start of a longer process which began with visits to actual and potential meat processing clients, mainly in the southern regions of Serbia. Based on these assessment visits, and discussions with the companies regarding the issues they face, the Agribusiness Project has revised the Year Four Workplan section for Livestock & Meat to incorporate specific activities and events that will support the development of this sector. The focus for the sector will be on small to medium scale meat processing companies in southern Serbia that produce and market traditional Serbian meat products. Assistance to livestock farmers will be provided through these processing firms, using them to identify and organize farmers to participate in technical training programs.

1.0.4 Mushrooms & Herbs

As planned in the Mushroom & Herb Year Three Workplan the Project has 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. Therefore, marketing & promotional activities, the introduction of international standards, product development support, and market access activities was primary assistance provided for the herb processing industry. The main sector specific achievements for Year Three were supporting the 7th Tea festival in Nis, and a trade mission to the Tea & Coffee World Fair in Vienna with three companies. The most important achievement within the sub-sector was the establishment and organization of national sector associations, which are the focus of assistance.

The remaining years of the Agribusiness Project will be “transformational” years in work with the herb and mushroom sub-sectors, and as a result the sector associations will be the focus of Project assistance. In Year Three the Project supported three associations in this sub-sector, the herb processors association “**Serbian Flora**”, the wild mushroom association “**Forest Fruits of Serbia**”, and the herb collectors and growers association “**Dr. Jovan Tucatov**”. The ultimate goal

of the assistance is to make these industry associations active, dynamic, and sustainable, and to be effective partners for the Agribusiness Project and their members.

These organizations will be ready and able to carry on the support activities for these sectors (Mushroom & Herb) once the Project ends. Special attention will be paid to the association “**Dr. Jovan Tucatov**”, which will be responsible for addressing the needs of growers, collectors and small scale processors, from the South-Eastern regions of Serbia. Three projects submitted by these associations, with total funding of \$115,000, have been approved for these associations to conduct broad sector related activities like addressing policy issues, trade missions, study tours, international and local fairs, international promotion campaigns, market research, publications, and training, which will be undertaken through the sector associations.

In addition, as a result of overall Project assistance activities conducted over the course of Year Three, Mushroom and Herb client companies were able to contract for \$3,640,000 of new sales, and deliver \$2,425,000 worth products. Of the sales delivered, a total of \$1,820,000 was exported, representing 75% of the total sales deliveries. Mushroom & Herb clients also added 115 new full time jobs, 12 part time jobs, and added 76 seasonal workers this reporting period. Other support activities undertaken during Year Three include the following:

➤ **Support the Adoption of International Standards:**

The Agribusiness Project is implementing a comprehensive program to support Serbian agricultural producers and processors in the process of introducing the international standards ISO 22000, GlobalGap, and ISO 14000. Six Mushroom & Herb sub-sector companies have obtained certification in these standards to date. The companies involved are: Bilje Borca, Adonis, Macval, Interfood 60, Uca, and Dina Pecurka.

➤ **Co-Fund Exhibitions of Producers at International Fairs:**

The Project provided training and technical assistance to a group of Mushroom & Herb companies to visit and exhibit their products at most of the international trade fairs the Project organized. Most of the sales recorded by companies in this sector in the Annual Survey are a direct result of this Trade Fair activity. A good example of this is Igda Company. Igda has been one of the leaders of Serbia’s success in “bringing home the value” in the mushroom sector. Igda received significant assistance from the Project, including participation at a number trade fairs, but perhaps the most important event was their participation at Fancy Food in New York. This show opened up the American market for Igda, and through their US distributor, Igda products are now available on Amazon.com, at Whole Foods, and at Hannaford’s supermarkets. Additional details of Igda’s achievements are included in Success Story No 4, in Annex III.

The most important fairs the Project assisted were the Culinaria Fine Food Fair in Belgrade, where nine Mushroom & Herb companies successfully exhibited their products, and the Tea Festival in Nis with 24 participants. The main goals of the Tea Festival were to enhance the quality of local production, increase exports of processed herbs & teas, improve the business environment for herb collectors and processors, and promote employment opportunities for rural residents who can become engaged in cultivation and harvesting. During the festival, exhibitors contracted for sales worth \$100,000, and visitors bought another \$30,000 of product.

➤ **Support for Sales Delegation Trips:**

Besides the assistance related to the above mentioned trade fairs, the Project is assisting companies to visit international fairs. One example is the National Association of MAP processors and Exporters "Serbian flora". This organization was assisted with a visit to the Tea & Coffee World

Fair in Vienna. A total of three companies, all association members, were assisted to visit this fair and make new contacts. The primary goal of this activity was to help small & medium sized MAP companies, with good export potential, to reach new international markets and sell their products for higher prices. They also participated in this fair to assess market demand, and establish contacts with input providers (especially tea ingredients which can not be found or grown in Serbia). Also, the participating companies observed the latest processing and packaging technologies.

➤ **Improve Packaging Design & Labeling for Export Markets:**

As part of the Marketing & Promotion grant program, five companies from the sub-sector received funds to implement marketing activities. The companies upgraded their marketing capabilities, enhanced their promotional materials, and improved their visual and packaging identity. These activities yielded significant results for the companies participating in the program. A good example is the Macval Company, where the Project played a key role in assisting them to successfully launch new tea products. The Project provided Macval with a grant, which allowed the company to hire a local marketing company to help them with the development of a new logo, along with product names, a brand identity, packaging & labeling, and a complete marketing strategy for these products. Since the launch of these new products in late 2009 Macval has increased its domestic sales by 40% over the sales recorded in 2008. Additional details of the Macval story are included in Success Story No 7, in Annex III. The label at the right shows the new packaging for the Lords Tea brand from Bile Borca, the development of which was supported with an Agribusiness Marketing & Promotion grant.



➤ **Support Three National Level Associations:**

As explained in the summary section, sector associations are the focus of Project assistance within the sub sector. The Project helped with the establishment of the herb processors and exporters association “Serbian Flora”, the wild mushroom association “Forest Fruits of Serbia”, and helped reorganize the herb collectors and growers association “Dr. Jovan Tucakov”. The guiding principal is to allow the national level producer organizations take on the responsibility for addressing the sector, and/or individual business, needs with the project assistance. Serbian Flora hosted a delegation of the EPCA - the Essences Producers and Cultivators Association from Albania to discuss a trade mission of a Serbian delegation to Tirana in November. They also started preparations for the association's visual identity – a logo, web site and promotional material. Forest Fruits of Serbia started working on design of the association’s marketing and promotional material as well as sampling of soils and forest mushrooms in order to complete a commodity study and analysis. Finally, Dr. Jovan Tucakov began preparations for the Belgrade Tea Festival which will take place in November 2010.

1.0.5 Tree Fruit:

➤ **Assist Apple Producers to Reduce Production Costs:**

STTA Brian Boman performed Technical Assistance and training on the subject of drip irrigation and fertigation of apple orchards for cooperatives and companies involved in apple production. As a follow up to this activity, and in cooperation with the Fruits of Serbia Association and two ABDS providers, the Project printed a Manual on Fertigation and Irrigation of Apple Crops containing advice on the best practices for applying irrigation and fertilization technologies for apples. The main goal of the assignment, and the Manual, was to recommend ways for reducing production costs and increase fruit quality.

➤ **Assist Apple Cooperatives to better Manage their Production:**

Within the assignment designed to raise the quality of stored apples, and reduce storage costs, delivered to cooperatives involved in apple production, storing and exports, the STTA Chris Watkins provided Technical Assistance on improving organization of the apple harvest, post harvest handling, and ULO storage performance for five cooperatives. As the follow up, recommendations and the Manual for best practices in apple harvest, post harvest handling and ULO storage were submitted to each cooperative that was taking part in this assignment. Prof. Watkins also delivered a lecture on these subjects for students at the Novi Sad Faculty of Agriculture, and he provided training for representatives of producer organizations, companies and ABDS providers that are dealing with fresh apple storage and exports. The picture at the right shows the US Ambassador during her visit to the Vocko Cooperative in Tavankut. Vocko is one of the larger and more successful Tree Fruit client companies for the Project.



➤ **Support Tree Fruit Clients with International Standards:**

As part of the Project's Grant Program to support the introduction of international standards for Serbian agribusinesses, a total of 10 companies and one cooperative from the Tree Fruit Sector have signed Grant Agreements for assistance in the introduction of ISO 22000, ISO 14000, and IFS standards. Certifications are expected to be delivered by the end of March 2011.

➤ **Support Tree Fruit Clients with International Trade Fairs:**

With assistance from the Project the Fruits of Serbia Association organized a group exhibition for six companies, and the Fruitland Association of cooperatives, involved in the production, storage and marketing of fresh tree fruit at Fruit Logistica in Berlin in February 2010. The results of exhibiting at this trade fair were more than \$5M of delivered fresh tree fruit.

➤ **Support the Project's Grant Program:**

Desing completed their activities included in their Grant program for the development of new and innovative packaging for the HORECA market, and the introduction of new packaging technology based on aseptic and MAP. These new technologies were introduced in Desing's production of fruit fillings and toppings, and they have opened the retail market (METRO Cash&Carry) for them, and helped better position Desing in their export markets. The increase in sales as a result of the Grant was \$108,180, and five new full time jobs were created.

➤ **Assist Marketing & Packaging Grantees:**

Under the Grant Program to support marketing and promotional activities of Serbian agribusinesses, four beneficiaries from the tree fruit sector - ZZ Vocko, Vino Zupa, Foodland, and Foodex - have completed their activities in creating new websites, marketing and promotional material, logos and new product packaging. These activities have resulted in increased sales for these agribusinesses valued at \$290,000 and the creation of ten new jobs.

➤ **Other Technical Assistance Activities:**

As per interest of Serbian cooperatives and companies involved in apple production and exports, the Project organized a visit to Serbia by representatives of the US based company AgroFresh in order to explore the introduction of SmartFresh into Serbia. This compound is used for maintaining the

quality of stored apples, and its availability in Serbia will present a significant advantage for local exporters. The Project connected AgroFresh with ABDS providers interested in completing the application process for SmartFresh. Currently, an analysis of SmartFresh is needed for compound registration and this is being performed on three apple varieties under the supervision of the University of Agriculture. Following the provision of the necessary documents a temporary license for SmartFresh should be delivered in June 2011. The Project will cooperate with the selected service providers on trainings for cooperatives involved in apple production, and other apple industry stakeholders, on using SmartFresh.

As per the Project's Southern Strategy, the Tree Fruit Sector Lead had a series of meetings with cooperatives, companies and representatives of local authorities and international donor programs active in the districts of Nisavski, Toplicki, Pirotski, Jablanicki, and Pcinjski. Activities of the Tree Fruit Sector to be implemented in the South during Year Four will include improving the quality of sour cherries, in cooperation with cold stores located in these counties, and donor programs funded by the Danish government that are or will be active in this area.

In the second quarter of Year Three, STTA Andriy Yarmak performed an analysis of the potential for exporting fresh fruit from Serbia to the Russian, Ukrainian and Belarus markets. The STTA had meetings with Serbian exporters of fresh fruit, and the Secretary of the Fruits of Serbia Association. Recommendations on specific tree fruit crops (sweet cherries and stone fruits), the characteristics of these markets, and suggestions for overcoming current problems present in trading, were presented in the consultant's Final Report.

The Project engaged a local STTA to prepare a feasibility study on the most suitable technological processes to be introduced by Agrar Komerc to process low quality fruit and vegetables. The recommended technologies relate to fruit and vegetable drying, and the production of fruit purees. The new technologies used by the company will enable Agrar Komerc to reduce losses related to low quality fruit, and increase their sales by \$200,000 in the coming year. It is also estimated that fruit purchases from farmer suppliers increase by at least 10% due to their ability to process and sell products made from lower quality fruit.

The Project supported the newly established National Association of Serbian Prune Producers which consists of the nine largest producers and exporters of prunes, to organize the first Russian-Serbian conference for producers, exporters and importers of prunes. The goal of the Conference was to present the quality requirements of the Russian market for prunes, and to host a number of B2B meetings between Serbian exporters and Russian importers. Negotiations for prune delivery at the conference resulted in contracts valued at \$1M signed at the World Food Fair in Moscow. The Project will continue to support the association over Year Four.

1.0.6 Vegetables:

Hard hit by the economic crisis in the previous year, the vegetable industry is still struggling, which has resulted in a considerable number of individual processors being unable to remain financially solvent (due to the inability to collect outstanding claims). It is significant 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 EU 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.

Year Three in the vegetable sector will be remembered both by the producers and processors, and the impact of adverse weather conditions will be directly felt in the coming year. The extensive rainfall, which caused severe floods, decimated this year's crops in the entire country. Experts estimate that this year will be the worst one for the vegetable sector in years. Certain cultures, such as watermelon, melon, and pepper, were destroyed on over 80% of planted areas. This is important to mention as these are the products that are exported unprocessed.

➤ **Food Safety Standards Implementation:**

The second round of support for the introduction of international standards has sparked significant interest among clients in the vegetable sector. Unlike the case in Year Two, when clients expressed interest mainly in Global GAP, the standard ISO 22000 (significant for the vegetable processing industry) represented the focal point for this year. Also, some producers opted for the introduction of IFS and BRC standards, which are necessary for placement of commodities on markets with these particular requirements.

➤ **Sales Mission to the Anuga Trade Fair:**

Five vegetable processing companies exhibited at Anuga, the largest European food fair in Cologne, in October 2009. Pasteurized canned products (sweet corn, green peas and especially kidney beans) presented by *Prima Produkt* attracted EU and Russian buyers. New vacuum-closed packaging gave them an advantage in comparison to Thai and Chinese products. The photo at the right shows the owner/manager of Biotrend Donato (Ljubica, in the center), another exhibitor at Anuga, with some colleagues and friends at the Biotrend Donato booth at the Anuga fair. The new packaging for the Biotrend Donato products can also be seen in the photo, and this packaging generated significant interest.



➤ **Post-Harvest Activities (Technical Assistance/Seminar/Manual):**

Prof . Elazar Falik, a Post-Harvest specialist from the Post-Harvest Volcano Institute in Israel, visited Agribusiness Project clients during Year Three. 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 in the region.

➤ **Farm Management Training for Managers of Producer Organizations:**

A series of five Farm Management training seminars for large scale vegetable producers was completed in February of 2010. After participating in sessions focused on financial records, cost calculations, financial risk assessment, and production management, a group of 20 vegetable clients completed the training program with the development of individual business plans..

➤ **Farm Management Training for Extension Service Providers:**

Extension service providers specialized in agro-economics also completed the Farm Management Training. Participants from Ruma, Vrsac, Kikinda, Aleksinac and other cities represent the first generation of service providers dealing with economic production. Due to the importance of this subject, preparations for extension are planned for Year Four.

➤ **Market Analysis of the Russian, Belarus, and Ukraine Markets for Vegetables:**

Taking into consideration the size and potential which the aforementioned markets have, the Agribusiness Project hired an STTA based in Kiev, who gathered information in the field to complete this analysis and offer data on export potentials. The final report was delivered to

vegetable sector clients and included potential buyer contact details, market windows and/or opportunities, recommended varieties, packaging, and other market specific requirements.

➤ **Marketing and Promotion Activities in the Vegetable Sector:**

All vegetable sector clients with Marketing & Promotion grants finalized their activities related to the creation of new packaging and visual identity solutions. Since most of these producers and processors have now for the first time received professional support on redesigning their visual identity, the difference between the old and new packaging is drastic.

➤ **Sales Mission to Fancy Food New York:**

The Biotrend Donato company presented for the first time their line of products on the US market at Fancy Food in New York. The impression they created was overwhelming, and several very firm potential sales are being negotiated. The company is in the process of negotiating with a distributor for the US market, and that is the next step in fulfilling the requirements of interested buyers.

➤ **Vegetable Sector Potential – Study for the TIMOK region:**

A vegetable sector analysis for the Timok region (Eastern Serbia) has been finalized, with eight municipalities being included in this extensive research project (including Boljevac, Bor, Zajecar, Negotin, and Kladovo). The partners for this project were RARIS, GTZ, and LEDIB, plus local specialist and scientific institutions from the region.

➤ **Fresh Tomato Exports:**

The “Sagal” company from Kraljevci exported its first shipments of fresh tomatoes to the German market. The value of the export was \$35,000, and the buyers were satisfied with the quality of the product. Further deliveries have been negotiated. This contact was the result of the participation of the Sagal company at the Fruit Logistica Fair in Berlin in February 2010.

1.1 STRENGTHEN PRODUCER ORGANIZATIONS:

Over the course of Year Three, focus of the Producer Organization component was on two main tracks: supporting emerging sub-sector industry based associations, and strengthening the management capabilities of agricultural cooperatives. The adoption of a long-awaited new Law on Associations has been a major driving force for agribusiness associations, and other membership organizations. With the new law, companies can now establish associations which can represent their common welfare. The membership and governing bodies of these associations are now better regulated, and the associations can acquire property and assets through economic, business, and commercial activities.

The Project directly assisted with the formation of two new national sector associations, for blueberry growers and medicinal herb processors, as well as indirectly assisted with the creation of two umbrella organizations. In addition, the Project helped the existing association of organic producers “Serbia Organica”, to restructure their organization, renew their goals and activities, and re-register based on the new Law on Associations. In addition, associations have been active in export promotion activities by organizing joint exhibitions of Serbian companies at foreign trade fairs through national pavilions with Project support. The Fruits of Serbia, and Serbia Organica, associations organized joint exhibitions of Serbian companies at Fruit Logistica, Anuga, and Biofach trade fairs in Germany. In support for emerging sector associations, the Project launched a specifically designed grant program for associations. The Project’s association grant program solicitation received a good response and this has confirmed the growing awareness of, and willingness to, create associations that operate on a business basis. As a result, eight associations

have been approved for grant funding to implement a broad range of activities designed to support their members and industry sectors.

➤ **Generic Business Training Program for Cooperative Managers:**

This training program was jointly organized, and cost-shared, with the Ministry of Agriculture and the Project provided a great deal of technical assistance to develop and shape the training program. A US consultant, hired by the Project, developed the training agenda and recommendations for its implementation. The program encompassed three specific training modules: 1) Business and Strategic Management of Cooperatives, 2) Financial Management and Planning for Cooperative Managers, and 3) Marketing and Sales. The Project worked intensively with representatives from the Ministry of Agriculture on defining selection criteria for service providers to deliver the training and for the cooperatives that will participate in the program. Out of 50 applications, 32 cooperatives fulfilled the criteria of the public call. As a result, 48 managers from 32 agricultural cooperatives completed the extensive cooperative business training program in July, the first of its kind in Serbia. The program encompassed six two-day training sessions for two groups of cooperatives, in Zrenjanin, and Zlatibor. The photo at the right shows some of the participants that attended the sessions in Zlatibor.



➤ **Facilitate EU Assistance in Serbia to Improve Management of Cooperatives:**

The Project assisted the newly formed raspberry growers cooperative “Agro-Dragevo” from Guca to host a delegation from the Hungarian agricultural marketing cooperative “Morakert” to visit south-west Serbia and to deliver a one-day seminar. More than 60 participants attended the seminar from southern and western Serbia, mainly representatives of cooperatives, cooperative unions, and farmers’ groups interested in forming new cooperatives. The Hungarian cooperative explained the importance of cooperatives in the European Union, how the EU sees and supports the cooperative sector, and what EU funds for cooperatives are available. They presented their cooperative model, the first acknowledged Producer Organization in Hungary, as an example of a new generation of producer-owned and controlled, marketing-oriented cooperatives.

➤ **Advance new Post-Harvest Technology for Serbian Apple Cooperatives:**

During Year Two, the Project received many enquiries from Serbian apple growers’ cooperatives, and cold store operators, regarding the possibility of using SmartFresh, a new US post-harvest technology for maintaining the quality of stored fresh apples and plums. Currently in the Serbian market, there are no registered similar products for this purpose. In order to help Serbian apple growers’ cooperatives, the PO Specialist contacted Agrofresh to facilitate their entrance into the Serbian market, and to facilitate Serbian SmartFresh registration. The Tree Fruit Sector Lead and PO Specialist arranged a visit of AgroFresh’s Marketing Director for Europe with the Directorate for Plant Protection with the MAFWM, the Faculty of Agriculture from Novi Sad, and four cold store operators (Project beneficiaries) involved in tree fruit. Project assistance also focused on the identification of a local service provider that can organize the registration, testing and marketing of this technology in Serbia. Based on Project support, Agrofresh has decided to introduce the SmartFresh technology in Serbia and it has contracted with two local companies to represent them.

➤ **Support the Development of new National Associations:**

Adoption of the new Law on Associations raised expectations regarding the willingness of groups to associate to achieve common goals. Pursuant to that, the Project provided assistance to client

agribusinesses to organize new national associations. Applications for association grants, suggested the Project has been successful in promoting group activities.

Activity 1: Assist with the Formation of new National Agribusiness Associations:

During Year Three, the Project's focus on the development of new associations was on two groups of agribusinesses that showed interest in forming commodity-based organizations at the national level: (1) blueberry stakeholders from berry fruit sector, and (2) medicinal and aromatic plants processors and exporters from herbs sector. To assist each group to understand requirements of the Law and successfully overcome demanding and hard process of forming new association, the Project provided specialized trainings and technical assistance through a local consultant. The consultant conducted trainings in Cacak and Belgrade on the practical issues and various components regarding application of the new Law where participants were instructed how to prepare the founding act, statutes, by-laws, internal rules and regulations and other foundation documentation and get official registration of new association.

Special attention was given to financial issues and the conduct of business and other profit-making activities through the association. Following the trainings, participants held founding assembly meetings where they have adopted their founding act, elected governing bodies, and set association goals. As follow up support, the consultant led them through the registration procedure. This effort resulted in the successful official registrations of the National MAP processors association "Serbian Flora", and the national blueberry association "Serbian Blueberry", and obtaining of the associations' bank accounts.

Activity 2: Support the National Association of Prune Producers:

The Project assisted the newly established National Association of Prune Producers to organize the first Russian-Serbian prune trade conference in Valjevo, the center of plum growing in Serbia. The largest nine companies that operate in the plum trade founded the National Association with a goal to improve the production and export of prunes, as a Serbian brand.

Activity 3: New Mushroom Processors Association:

A group of 20 companies, processors and exporters of wild mushroom products, established a new national association to officially represent the wild mushroom industry in Serbia. Project staff advised members on important aspects of the new Law on Associations, and how to structure and develop a sustainable organization at the national level. As a result, the new umbrella organization for wild mushroom processing & export has been formed.

➤ **Grants Program for Associations:**

To further encourage and assist associations to take more proactive role in creating agribusiness-enabling environment for the industry, and providing direct support to their members, the PO Specialist designed a Grant Program for agribusiness associations that address the needs of these organizations and their members. The Grant Program was launched in late April with an open call (RFA) to all interested associations that meet program criteria. This resulted in 15 grant applications. Six national and two regional associations were approved for funding: Herbs and Mushrooms (3), Tree Fruit (1), Berry Fruit (1), Vegetables (1), and 2 associations covering multiple sectors. The primary goal of the Program is to, through the provision of professional and financial assistance, help associations develop and implement a range of activities within a one-year timeframe to improve their services for members, advance the sector, foster growth of their commodities, and build a demand for such organizations and services. These associations will be assisted by Project staff throughout Year Four to implement activities within the grant programs of

the associations. Project staff will serve as catalysts for a mentoring process and maintain an advisory role for the associations to achieve transformation.

➤ **Strengthen Existing National Associations:**

In Year Three, the Project provided assistance to the newly founded National Association of Organic Food Producers “Serbia Organica” at many different levels. The Project assisted them to re-register and restructure their organization based on the new Law on Associations. A local consultant held a workshop for the board of directors to present provisions of the new Law on Associations and helped them to understand the opportunities that the new Law gives them as a national level organization. He worked with the management of “Serbia Organica” to insure their statutes and other regulations were in conformity with the new Law, and assisted them with re-registration and other legal issues. The primary goals of the organization are to address policy and regulatory issues, facilitate information exchange, and organize promotions of organic products. The association is now able to include businesses (companies and cooperatives) as members, and to have credibility as an agribusiness association while representing the organic industry in Serbia.

1.2 IMPROVING ABDS & FINANCE SERVICE DELIVERY:

To compete in their markets, input suppliers, farmers, and firms all along each value chain will need a consistent use of services provided by ABDS providers. Such services will upgrade their management skills, increase yields and productivity, lower their costs and improve their financial performance and bankability, among others. The Agribusiness Project will focus on creating a network of market driven ABDS service providers who can help firms in the sub-sectors to develop more rapidly on their own over the long term.

The Project’s crosscutting activities to build the supply of market-driven services for Serbian agribusinesses will include the development of a generic and a value chain specific ABDS network. The services will be used, while actively engaging them for implementing specific assignments. The Project will also focus on capacity building of ABDS providers in order to improve the knowledge base of the local provides and to ensure that the know-how of experts and STTAs are kept in Serbia. In such ways the Project will ensure sustainable development of the service providers which will boost the growth of agriculture related companies.

➤ **Work on Consolidation – Link to Cold Chain – Introducing new Technologies:**

The Project identified and worked with Lagermax (a consolidator company) during Years Two and Three on organizing consolidator services on the national level in a manner that provides Serbian companies with increased opportunities to deliver LTL shipments at competitive rates. Between mid 2009 and September 2010, the consolidation service was developed with Project assistance. Numerous actions were taken to promote the service – such as presentations and various PR activities. This all helped transportation companies to develop a client base and to spread awareness among clients regarding consolidation services. There were a total of 74 shipments in the consolidated regime over this period. The total value of goods transported was \$1.2M, and the increase in revenues for the consolidator as \$138,000.

The Project organized a series of presentations on Ozone generators, a new and effective technology for fresh fruits & vegetable shelf-life extension, and the logistics and consolidation services provided by Lagermax. 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.

The Project spent a lot of time assisting the Ntim company to improve its drying machines and to help them find new buyers and clients. Ntim went through a lot of difficulties to fix mechanical problems in newly manufactured machines, and they were finally able to produce a high end quality machine that is operating stably and producing a quality output. The machine consumes up to 20 times less energy than similar machines, and it is completely environmentally friendly. Ntim reported a \$110,000 increase in sales thanks to Project assistance.

As a continuation of assistance to clients to access new technologies, and establish partnerships with foreign companies, and thus improve input supply and/the or availability of relevant sector-specific services, the Project facilitated the introduction of the new fertilizer Agrosol from Austria to the local ABDS company Agromarket. Agrosol is a growth stimulator that assists with photosynthesis, and is completely natural and on the list of organic products from the Austrian Ministry of Agriculture. Agromarket will test Agrosol in Serbia and the results will determine if they pursue this opportunity. Agrosol claims that the product can stimulate and increase growth of vegetables and fruits from 10% to 20%.

➤ **Prepare and Promote new Belgrade Food Show:**

During Year Two the Project identified Belexpo as a private trade show provider which was interested in developing a new food show for Belgrade. Belexpo has been successfully organizing various tradeshows since 1995. Currently they host and organize 10 trade shows per year. The Project engaged Mr. Cherif Moujabber from Creative Expos and Conferences as an STTA for development of the Belgrade food show. Mr. Moujabber successfully managed to line up official support for the event. Our targets were the Municipal Government of Belgrade, the Ministry of Commerce, German AID, and relevant organizations representing Montenegro, Croatia, Albania, Macedonia and Bosnia. Equally important was the support from the food related organizations - the Serbian Fruit Association which is really a "federation", the Serbian Organic Association, and the young Serbian Wine association were all approached. The photo at the right shows a presentation of the Culinaria Food Show for agribusiness companies from southern Serbia which was organized by the Agribusiness Project office in Nis, in collaboration with the Regional Chamber of Commerce from Leskovac.



On the visitors' side, the main Serbian supermarkets and buyers were invited, but a special effort was made to attract supermarkets from the neighboring countries in particular, Bosnia, Croatia, Montenegro and Macedonia. The Project had the highest government and USAID officials at the opening ceremony, including the ambassadors from the USA and Germany. A total of 79 exhibitors from Serbia, Bosnia and Herzegovina, Croatia, Slovenia, Italy and Macedonia presented their products at the fair. The wide range of product categories included: Specialty Cheeses, Confectionary, Breads, Fresh Fruit & Vegetables, Frozen & Dried Fruits & Vegetables, Condiments, Wine & Brandy's, Teas, Wild Forest Mushrooms, Fruit Juices, Organic Foods, Seafood, Olive Oil, Cereals, Chocolate and Specialty Meats.

More than 3000 visitors, including foreign buyers from the USA, Canada, UK, Czech Republic, Slovakia, Hungary, Bulgaria, Romania, Slovenia, Croatia, Bosnia, Albania, Greece and Macedonia. The Project hosted 55 buyers in the hotel Serbia, and provided a shuttle bus to transport the buyers

from hotel to fair and back. During Culinaria, Coba & Associates, together with the association of designers, organized a conference called “Packtivity” – where they stressed the importance of modern packaging and design in everyday selling efforts.

More than 45 journalists, and 20 TV and radio stations, were at the fair. In total 140 media reports regarding the fair were observed. The Project also distributed 2,000 catalogues of Culinaria exhibitors, and thousands of flyers and other promotion materials. About 70% of the companies participating were very satisfied with the fair, and are willing to exhibit again; 15% will probably exhibit again and 15% did not express an interest in exhibiting again. As a result of Culinaria BelExpo reported \$120,000 of new revenues generated from the fair, in addition they surveyed the companies and reported potential sales of almost \$3 million.

➤ **Management Training - Capacity Building and Promotion:**

During Year Three the Project successfully organized a 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 it was expected that the companies attending the trainings would be in a position to set their business strategy, better promote themselves in the market, understand market needs, increase sales/exports, utilize inputs, improve image and rating, gain easier access to bank loans, and make strategic decisions more wisely.

The 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), 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.

The greatest amount of interest for additional skills training amongst business representatives and instructors was for negotiation and business leadership development. This is absolutely critical for successful businesses, as the leadership of the organization is directly responsible for its commercial success. The extent to which good leadership is consciously cultivated, mentored, coached and developed is directly proportional to its business success. Bad leaders significantly impact workers and lead to lower productivity rates, bad work morale, and high turnover. It is estimated that 80% of the reason employees leave the workforce is due to problems with their first line supervisor.

In May, Carr Swanson and Randolph, LLC (CSR) provided two three-day leadership training programs for approximately 26 companies and Agribusiness Project staff, and one three-day training-of-trainers program for seven consultants. The purpose of the training was to strengthen the competitiveness of Serbian agricultural enterprises through improving the participants' ability to better lead, motivate and inspire their employees, colleagues and superiors.

The training techniques used by CSR included: lectures, discussion groups, modeled examples, experiential learning in individual and team role-plays, and self-assessment questionnaires. The participants were provided a Leadership training manual and numerous handouts. The training-of-trainers was identical in content to the other trainings with the exception that they were provided with a detailed facilitators guide for conducting the training and discussion were held about how the

consultants could both train various segments and integrate the course, materials and activities into their practice. Two of the consultant trainees helped Mr. Swanson conduct the second training for companies by giving some of the exercises and helping with debriefs.

1.3 MARKETING & SALES PROGRAM:

➤ **Design & Promotional Training**

- A **Promotional Workshop** on *Design, Marketing, and Brand Strategy* was presented by STTA Jeff Spear to fruit and vegetable producers (and related trade associations) to support their marketing activities and it included: strategic planning, packaging, graphic design, copywriting, websites, brochures, tradeshow materials, etc.

➤ **Negotiation Training – Part I – Leadership Training**

- Carr Swanson and Randolph, LLC (CSR) provided two 3 day *Leadership Training* programs for approximately 26 companies/Agribiz staff and one 3 day training-of-trainers program for 8 consultants (40 participants in total).

➤ **Marketing & Communications Training**

- **HALAL training** and preparation training for Mihas Fair
 - **Halal Marketing Training**
 - **Market Research and Cultural Training**
 - **Marketing & Sales and Participation Training**

➤ **Market Research Training**

- *Market Research for World Fruit and Vegetable Markets* - 22 participants
- Presentation on the *Global situation in Blueberry - Serbia's Opportunities and Constraints and Marketing Plan for Achieving Greater Profitability for 2010 and Forward* for the Serbia Blueberry Association. 14 people participated in the training from the Serbian Blueberry Association, SIEPA, GTZ and SEEDEV.
- M&S provided training for the Ministry of Economy (28 Serbian Economic Attaché's)

➤ **Food Safety and Standards Requirements**

- **Food Safety Conference** was organized by the USAID Agribusiness Project and AgroPress.

➤ **Training for Firms: Strengthen Business Skills in Marketing and Sales**

- Marketing and Sales organized training for companies participating in **Anuga** trade fair on AgBiz premises in Belgrade.
- Marketing and Sales organized training for companies participating in **Fruit Logistica Trade Fair** in Berlin (3-5 February 2010) and **Biofach trade fair** (17-20 February 2010)
- M&S team together with Serbia Organica, Ministry of Agriculture and GTZ, organized a conference "*Potential of Organic Market in EU*" which was attended by more than 100 representatives of different companies, associations, institutions, certifying companies, etc.

➤ **Trade Fair Support**

ANUGA: The Project organized 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: Contracted: \$5,359,362; Under Negotiation: \$15,400,150.

FruitLogistica: Project organized exhibition of 13 companies within the Association Fruits of Serbia. FRUIT LOGISTICA 2010 Trade Fair Results: Contracted: \$8,000,000; Under Negotiation: \$5,912,000. The picture at the right shows the Serbian delegation at the FruitLogistica trade fair.



BioFach: Biofach Nuremberg fair was held from February 17-20, 2010. This year's organization was coordinated under Serbia Organica Association and included 7 Serbian Companies. Results: Contracted: \$75,000; Under Negotiation: \$2,690,000.

Fancy Food: New York, June 27- 29, 2010. Six companies exhibited with the following results: Contracted: \$256,000 Under Negotiation: \$1,670,000

World Food Moscow: M&S provided a market expert to arrange business linkages for Serbian producers with buyers from Russia, Belarus and Ukraine. Companies were prepared in advance and prescheduled meetings were held at the fair in Moscow. Sales Contracted: \$5,401,000; Under Negotiation: \$6,086,000.

Mihas Halal Fair: MIHAS Halal Fair, Kula Lumpur, Malaysia, June 23-27, 2010 Organized with the Serbian Halal Agency: Sales Contracted: \$70,000; Under Negotiation: \$1,100,000.

➤ **Prepare and Promote new Belgrade Food Show - Culinaria**

• **Results**

- BelExpo (ABDS Provider) reported 120,000 USD of new revenues generated from the fair;
- 43 companies out of 79 reported potential sales in the total amount of **\$2,890,000.00 USD** while the rest did not report any sales.
- 2 companies reported contracted **15,000 USD** –sample deliveries to several buyers.

➤ **Cooperation with Universities:**

Jeff Spear, Marketing and Communication STTA held lecture on *The Value of Design in Marketing* to students of marketing on Belgrade Banking Academy (Marketing Section).

The Value of Design lecture was also held at the Faculty of Economics, Belgrade University.

Remer Lane lectured at the Belgrade University of Economics on *The Marketing of Serbia – Changing a Global Perception*. The lecture was attended by students from the faculty as well as 20 students from George Washington University from the U.S.

1.4 YOUTH ENTERPRISE PROGRAM:

As an important part of the cross-cutting activities, the Youth Program within the Agribusiness Project continued work on implementation of the youth entrepreneurial curriculum throughout agricultural high schools as one of the main activities. In Year Three the Agribusiness Project continued collaboration with Junior Achievement Serbia (JAS). JAS continued to utilize grant funds totaling \$21,100 to integrate an additional 25 agriculture schools throughout Serbia into a comprehensive extra-curriculum educational program.

- This program was implemented in the period of eight months within three phases (i.e. milestones) and the specific program activities included:

- Forming classes in chosen schools through selection of all students who applied
- Implementation of the proposed training programs
- Training of the new teachers for other JAS programs
- Annual conference of principals (25 Agricultural High School principals) – February 2010
- Challenge Day in Novi Sad in cooperation with British Council in February 2010
- Challenge Day in Nis in cooperation with British Council, Erste Bank and City of Nis in March 2010
- Regional Innovation Camp and Trade Fair – April 22-25, 2010 in cooperation with JA-YE, British Council, Erste Bank and other partners.
- National Trade Fair and CSR event – May 2010

In addition to the educational program, the Youth component of the Agribusiness Project organized the second round of the Best Youth Business Plan Competition, where the nine best Business Plans were awarded with small start-up grants. The total value of all nine Youth grants is \$149,301, and the Project's share of the total project costs is US\$121,861, while the matching contribution provided by the youth grant applicants totals US\$27,440. Thanks to Project grant funds, these nine youth agribusinesses will generate additional income in the total amount of

\$235,957, as well as 27 new jobs (full-time, part-time and seasonal). The picture at the right shows the Youth Business Plan award winners at the award ceremony which took place in April 2010.



The Agribusiness Project also continued to work on the Internship Program for high school students, and began work on promoting the Internship Program for Agriculture University students. For this purpose the Agribusiness Project renewed its cooperation with IAAS (International Association of students in Agriculture and related Sciences) which hosted the regional conference of IAAS in Belgrade in May 2010. The Agribusiness Project recognized the event as a good opportunity to promote the of Internship Program, and received COTR concurrence for cost sharing this event, The Project share was \$2,850 vs. a total of \$14,150.

1.5 OTHER CROSS CUTTING ACTIVITIES:

1.5.1 Environment:

This report will provide a fair reflection of the progress, the major achievements, and obstacles for the integration of the environmental component into Project activities implemented during Year Three. It also addresses the limitations on the implementation of environmental compliance actions, and the challenges ahead. This report also follows the outline of the Project's IEE and addresses the recommendations. The Year Three work plan included the following environmental benchmark tasks:

Task 1 – Support implementation of SPU, EP and IPM programs

Task 2 – Cleaner Production (CP) Technology

Task 3 – Environmental Compliance

Originally the IEE was designed to meet the requirements of strategic objective 1.32 “Enterprise Growth Increased in High Potential Sectors and Municipalities”. With this assumption in mind, the IEE recommended three types of environmental actions for the Project:

- Categorical Exclusion
- Negative Determination with Conditions
- Positive Determination

➤ **Ensuring Compliance with Reg. 16 Requirements for the Agribusiness Project:**

Over the course of the year environmental screenings were completed to provide guidance on addressing potential adverse environmental impacts of Project activities during implementation. This was also undertaken to enhance the benefits to be obtained from Project assistance, and to introduce good environmental practices with client firms. Based on activities in the Year Three Workplan related to environmental compliance, a two-stage internal environmental screening procedure has been adopted, including applications for grant sub-awards. The first step in the screening process is the Environmental Screening Form which classifies each proposal as having a low, medium, or high environmental risk. Low-risk grant proposals received approval, and medium risk proposals require the preparation of an EDD, which also includes recommended mitigation and monitoring actions to be taken by the client.

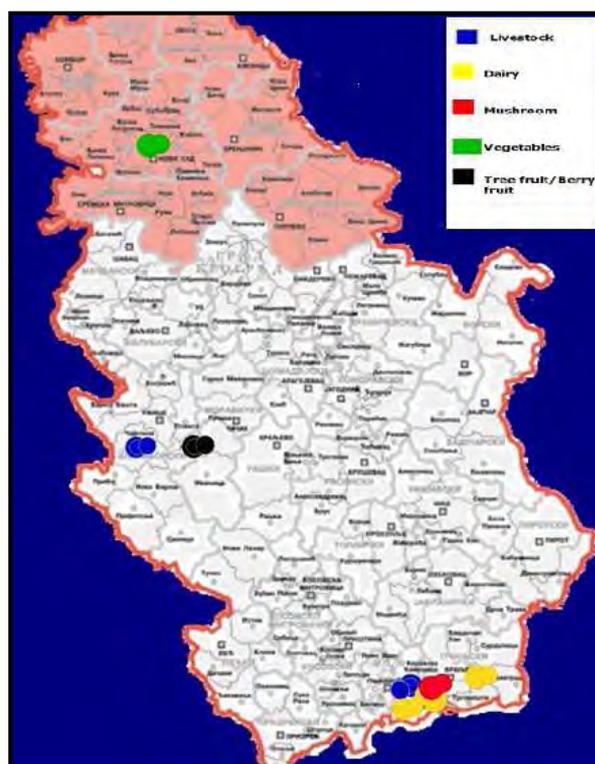
➤ **Support implementation of SPU, EP, and IPM programs:**

Continuation of Project efforts to strengthen the technical capabilities of the Ministry of Agriculture to establish a national adult education system on pesticide safety and environmental protection, based on PSEE program approval by the Plant Protection Directorate, resulted in an agreement on the approach to use in PSEE program delivery. The approach, content and schedule of PSEE Program delivery were discussed by the Chief of Party, the Procurement Specialist, the Operations Director, and the Environmental Specialist of USAID Agribusiness Project, with the USAID COTR to determine the best tools needed for program implementation. The previously considered funding mechanism, a grant program, was replaced with an “activity” based on COTR recommendations.

The Agribusiness Project and the MAFWM worked on development of the train-the-trainer model to ensure consistency and quality PSEE training and to be nationally adaptable. A kick-off PSEE workshop for trainers was organized for 85 participants to further refine the PSEE tools, and to discuss the methodology for field testing, education, evaluation and reporting of PSEE program results. These ToT events provided the trainers with updated information on new pesticide laws and regulations; personal protection equipment regulations and standards; environmental monitoring; mechanical calibration and safety; monitoring farmer exposure and container disposal as well as preferred training methods for training delivery to pesticides users.

➤ **Cleaner Production (CP) Technology:**

The practice in Serbia is that food processing enterprises usually adopt a passive end-of-pipe-treatment approach by putting emphasis on the installation of pollution control systems to improve their environmental performance. Breaking through these traditional and costly practices, the Agribusiness Project has encouraged proactive pollution prevention measures through introducing the concept of Cleaner Production. Through advanced technologies and management measures to improve the whole production processes - from product



design, process control, technology modifications, to management, the Project has managed to improve the status of the environment, and develop environmental policies for its pilot enterprise and ABDS clients. The map on the previous page shows the distribution of Cleaner Production client firms from around Serbia.

The Project supported the implementation of the Cleaner Production concept over the course of Year Three. The effort to establish the CP program for agribusinesses was recognized by the Ministry of Environment and Spatial Planning (MESP) through an agreement to have the CP activities be jointly implemented with the Agribusiness Project. The Ministry also provided institutional support to the CP initiative by active involvement of key Ministry staff from the Department of Standards in the Project's CP activities. Through this collaborative effort 22 Cleaner Production in Agribusiness Certificates were awarded to companies and ABDS providers that have successfully completed CP training.

Other CP activities implemented during Year Three were aimed at raising the awareness of the CP program among candidate companies. Through a set of regional workshops named "Info-days on CP in Agribusiness", that were held in cooperation with the Regional Chambers of Commerce, the Administration for Agriculture of City Nis and MESP, the Project updated the knowledge of owners and operators of food processing companies in South Serbia about the CP program and, more importantly, the available CP technological and process options which can enhance their energy efficiency and mitigate their emissions.

The Project has selected eight CP pilot companies for further support in the CP program by issuing an RFA for the preparation of feasibility studies to determine which of the selected CP options identified in the workshops is technically and economically feasible, and whether each option contributes to environmental improvement. All feasibility studies will include technical, economic and environmental evaluations of the proposed Cleaner Production options for the pilot companies. The actual introduction of CP technologies in client operations is expected after completion of the CP grant program, which will be implemented in Year Four.

➤ **Environmental Compliance:**

The environmental performance of agribusinesses in the preservation and enhancement of natural resources in recent years has not been seen as a priority in the transitional agenda of Serbia. Recognizing this trend in Serbia, the Agribusiness Project and The Environmental Protection Agency of Republic of Serbia (SEPA) started cooperation on developing a set of indicators for environmental monitoring of the overall Project impact on the environment, as well as on the development of a national system that will facilitate efficient environmental control, monitoring, planning, audit and review of Project activities.

National Conference on Status of the Environment in Serbia - This Conference was the first event of its kind as part of the Environmental Monitoring & Integrated Soil Fertility Management Project. By recognizing the potential to accelerate the delivery of technical assistance and information, the Project organized, in cooperation SEPA, the Conference on the State of the Environment in Serbia, with a special emphasis on agricultural soils and environmental monitoring. The conference provided a forum for the Serbian Environmental Protection Agency (SEPA), and researchers, agencies, and service providers, to receive up-to-date information on the environmental factors that influence farmer & agribusiness choices.

Workshop on Effective use of Environmental data in Agriculture - National surveys have shown that agribusiness exerts pressure on environmental media - on the soil, on water

quantity and quality, on air quality, and on biodiversity and landscape quality. Special concern is 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. The Project organized a Capacity Building Workshop on effective use of environmental data in agribusiness in December 2009, for the core group of 20 environmental experts representing SEPA, the Ministry of Environment, and relevant high schools.

Integrated Soil Fertility Management (*development of environmental strategies for soil quality conservation*) – Under the Environmental Compliance Activity, the Project completed design of the publication on Soil Status in Serbia. This is the first holistic assessment of soil quality in Serbia, and it is part of the integrated soil quality monitoring system. The Soil Status in Serbia report should serve as a tool for the efficient and effective use of data on soil resources (including data on profitability and productivity of the agriculture sector). It also examines issues such as a) national competitiveness, especially regarding the agricultural sector's contribution to the nation's wealth, and b) the viability of farms, related to the potential for farms to survive in the market, including the diversification of sources of income within farming. The report also brings a social dimension that refers to equity, which is meant as "equal opportunity", both territorially (between rural & non-rural areas), and sector-wise (between agriculture & other economic sectors), and between men and women in the sector.

The final event for the Environmental Monitoring & Integrated Soil Fertility Management activity for Year Three was the organization of the National Integrated Soil Management workshop for 35 crop-soil consultants, input dealers, water testing laboratories, and non-governmental organizations that took place in June 2010 to specifically draw public attention to the report the "Status of Soil in Serbia". During the workshop special concern was given to the following parts of the Report: heavy metal content in soil substrates throughout Serbia (Cu, Pb, Fe, Zn, Cd, Mn, Ni, Cr, and Co), heavy metal uptake in mushroom species, and the status of agricultural soil fertility in Serbia. Opening comments for the workshop were provided by Mr. Art Flanagan, Senior Adviser to the Mission Director at the USAID Mission to Serbia.

1.5.2 Women Entrepreneurs:

Following the successful project "Women Entrepreneurs in Agribusiness" which was jointly implemented by the Agribusiness Project and Agropress during Year Two, the Project continued implementation of the Gender program through establishing a network of contacts with Women's Associations, minor women's groups, and business women interested in a career in agribusiness, in order to better design a program of support for women in agribusiness.

The new Women's Project was successfully presented during the 2nd Women's Conference, which was held in February, 2010. The conference presented an excellent opportunity to establish contacts, and cooperation, with the most pro-active women's associations: EVE -Valjevo, Teodora - Nis, Nadezda Petrovic - Cacak and the Women's Center - Uzice, all of which showed great interest in participating in future activities within the Gender Program. Based on the information and knowledge gained through meetings and discussions with members of these Women's associations, it became clear that there is an interest in, and substantial need for, increased employment for rural women, as well as a need for the rural women to be better educated in order to better manage their businesses and income, which will again lead to an increase in their chances to be self-employed.

Over the period April - May 2010, the Agribusiness Project decided to respond to these needs and support the development of women self-employment and entrepreneurship by designing a Grant Program to facilitate Women's Entrepreneurship in Agribusiness. The implementation of this program is currently underway. The program is being implemented in two phases: 1) Training in business plan writing for groups of rural women in four regions in Serbia, and 2) Funding the start-up businesses. Phase 1 is being implemented in partnership with local NGOs which selected participants based on their interest and well established criteria. It is anticipated that at least 200 women will be trained in business plan writing. Following Phase 1, the best business plans delivered through the training program will be submitted the Agribusiness Project for possible funding through start-up grants. Each start-up grant would not exceed \$15,000, and no more than 10 grants in total will be awarded. The image at the right shows the promotional poster prepared by one of the grantees announcing the training program.



The RFA for this program was announced in May 2010 and, after reviewing 19 submitted applications, Grant Agreements were signed with five service providers in September. These NGOs will implement the program in four selected regions of Serbia - Central, Eastern, Western and Southern Serbia. The selected grantees are: the Business Women's Association Nis, the Economic Institute of Belgrade, Center for Entrepreneurship in Kragujevac, XAOSolutions from Belgrade, and Be Your Own Boss from Belgrade. Phase 1 of the grant program includes three significant milestones: 1) Promotion of the training program and selection of participants, 2) Implementation of the training program, and 3) Finalization of the business plans and selection of the best business plans for the "Best Business Plan Competition for Rural Women" competition.

Milestone 1 – the promotion of the training program and selection of the participants was started during September 2010 and it is still in progress. Posters, billboards, leaflets and other promotional material announcing the training program, and inviting interested women to apply, were distributed throughout the regions where the trainings will take place. A strong media campaign has also helped to disseminate information, and announce training program.

Between August and September 2010, closer cooperation with the Women's Association EVE from Valjevo was continued through an initiative to financially support upcoming activities of this organization, such as the 3rd annual Women's Conference. The Women's Association EVE also expressed a willingness to intensify its cooperation with the Agribusiness Project and jointly participate in any and all activities related to women in agribusiness. During Year Three, the Gender Program strived to remain flexible, and provide as needed individual assistance to women entrepreneurs in agribusiness. Examples of this flexibility was the support provided to the company "Hera" from Prokuplje, led by Vesna Jevtovic, manager. This company has applied for, and received, a grant under the program for the introduction of International Quality Standards. The Project also provided support to HERA to establish market linkages with Albanian and Kosovo buyers through the KPEP Project.

Component 2: Improved Enabling Environment for Agribusiness

2.1 IMPROVE ACCESS TO MARKET INFORMATION:

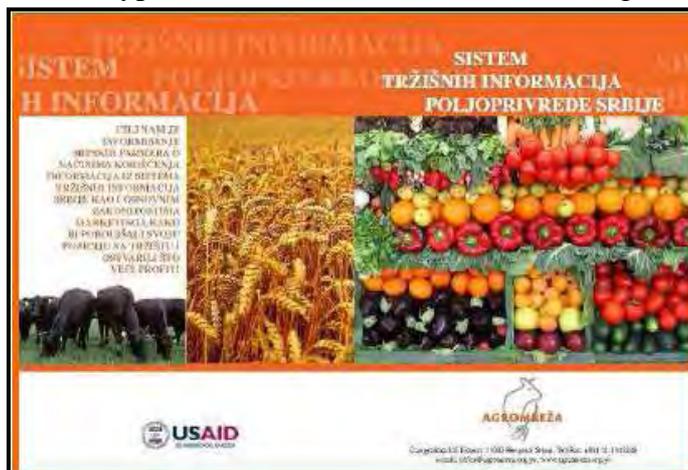
Task 2.1.1: Strengthen the System of Market Information in Agriculture (STIPS)

The Project, in cooperation with the Ministry of Agriculture continued with the implementation of the project to improve the agricultural market information system (STIPS) which was initiated during Year Two. The project consisted of two components: 1) The 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 (May 2009 to February 2010), and 2) Improvement of software for the agricultural market information system.

Activity 2.1.1.1: During Year Three, experts from the ABDS provider “Agromreza” held eight educational seminars on the agricultural market information system, the basics of marketing of agricultural products, and the latest developments in the agricultural market in Serbia and the region. The seminars were held in Novi Sad, Pancevo, Sombor, Sremska Mitrovica, Subotica, Zrenjanin, Zajecar, and Mladenovac (Belgrade municipality).

During the 10 months of project implementation, a total of 18 two-day seminars were held, with 565 farmers and representatives of the reporting centers attending the seminars. The total number of participants in the trainings organized during Year Three was 266. Farmers were educated about the local and regional agricultural markets. Local markets were analyzed in a more detail manner, with specific emphasis being given to the possibilities for marketing agricultural commodities. Seminars with interactive workshops provided the opportunity for farmers to develop commodity specific marketing plans and strategies. Farmers were also trained in the use of the information available through the STIPS system, including information types, structure, the manner of accessing information, and analyses possible based on the available information (e.g. formation of prices, price structures, trends, etc).

In addition, the ABDS provider “Agromreza” prepared the final report on the implementation of the project “Market analysis, utilization of information from STIPS and basics of marketing”. The final report contains information on each seminar held; educational materials developed for the seminars: 1) An informational booklet on STIPS (the cover page is shown at the right); 2) A brochure on the Marketing and Promotion of Agricultural Products; and 3) A brochure on Agricultural Product Markets (the publications are available on the Project’s website, as well as seminar photos, sample market plans, conclusions and the results of surveys conducted at the seminars. Recommendations from the participating farmers for further improvement of the system are also included.



Activity 2.1.1.2: The ABDS provider “Radionica KRUG”, in cooperation with the Ministry of Agriculture and the Agribusiness Project completed work on improvements to the agricultural market information system’s 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 reports and analysis. In order to facilitate work with the improved system, the ABDS provider “Radionica KRUG” held a two-day training on features of the new software for 25 participants (reporters, representatives of

the Ministry of Agriculture, and the Institute for Applied Science in Agriculture - IPN). The training was organized in October 2009 at Zlatibor. Participants were informed about the modifications made to the software and database, trained in system use, data entering and generating reports based on the modified software and databases.

Task 2.1.2: Organize targeted agricultural studies/surveys

Activity 2.1.2.1: Study on Impact of Weather Conditions on Agriculture in Serbia

The Project's policy team, in cooperation with the Tree Fruit Sector Lead initiated work on a Study on the Impact of Weather Conditions on Agriculture in Serbia and Modalities for Anti-Hail Protection. The goal of the Study is to analyze the status of existing systems for hail protection, and to provide potential solutions for improvement of the system - recommendations for the introduction of new technologies, including breakdowns of needed technical and technological interventions, and an action plan for implementation.

A specific emphasis will be given to various solutions for hail protection in the Tree Fruit sector, and in particular, the use of anti-hail nets. The study should provide the basis for establishment of an efficient market driven system for anti-hail protection services, reducing income lost due to losses in agricultural production, as well as contributing to the improvement of competitiveness of the agricultural sector. The Project has selected five local experts from the field of meteorology, chemistry, finance and tree fruit (professors Ivan Grzetic, Gorana Vukelic, Olga Cvetkovic, Dragan Radivojevic and Lazar Lazic) to conduct the research and prepare the Study. All formal approvals for starting work on the study were obtained during Year Three, and the study will be completed during the first quarter of Year Four.

2.2 FACILITATE LEGAL & REGULATORY REFORM:

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

The Project's policy team through an RFP process selected the service provider "SEDEV" to prepare the Study on the Impact of Liberalization on the Serbian Agricultural Sector. The Study encompasses a quantitative and qualitative analysis of the effects of the liberalization under the SAA with the EU, free trade agreements with Turkey and Belarus, and accession to the WTO across the agricultural sector and selected products. The Study analyzes the competitiveness of Serbian agricultural products, trends in production, sales and consumption, demand, foreign trade, etc. The Study identifies the gains and losses for various products and sectors due to the liberalization process. The Study consists of two main elements: 1) General tariff analysis of the liberalization process and its impact, and 2) Sector specific detailed analyses of the effects of liberalization. During Year Four, the Agribusiness Project will organize a well publicized public presentation of the findings from the Study.

In addition, the Project's Senior Policy Advisor prepared a document containing information on the MFN ad valorem import tariffs per the HS codes of agricultural products, and import tariffs under the free trade agreements signed by Serbia. The document was publicized on the Project's website. In order to improve the availability of information on trade protection regimes, the Project also publicized the texts of free trade agreements, and the texts of regulations governing seasonal tariffs and specific duties applied on imports of agricultural products to Serbia.

Task 2.2.2: Guidebook on Integration of Serbia to the EU and CAP

The Agribusiness Project's policy team engaged a local STTA to prepare the Guidebook on the Integration of Serbia into the EU and CAP. The outline of this publication was agreed with the department for EU integration of the Ministry of Agriculture. The purpose of the publication is to make EU accession related topics as closer as possible to the agricultural community, and to make

farmers more familiar with the rules and obligations within the European single market in the field of agriculture. The publication provides information about the Common Agricultural Policy, the status of Serbian integration into EU, and the main effects of the integration process on the agricultural sector. The assignment was completed in September 2010, and the Guide has been shared with the Ministry of Agriculture.

The Project supported the organization of the conference "CAP Reform – Accession and Cooperation Challenges" held in the National Parliament on May 14, 2010. The conference was organized in cooperation with the Ministry of Agriculture, the Chambers of Commerce of Serbia and Belgrade, and the Cooperative Union of Serbia. The topics addressed at the conference encompassed: the reform of CAP and its implications on national agrarian policies and international trade in agricultural products; how the agrarian policy of the EU may fulfill the needs of structurally different agricultural sectors in the EU countries; lessons learned in utilization of pre-accession funds of the EU, etc. The conference gathered large number of high-ranking officials, including the President of the Republic of Serbia, Mr. Boris Tadic, the Minister of Agriculture, Sasa Dragin, and Jerzy Plewa the Deputy of Director General for Agriculture of the EU. The picture to the right shows President Tadic listening to the presentations following his introductory speech.

Task 2.2.3: Support Legislative and Policy Reform Coordination

During the Year Three, the Project designed and launched the second round of the Program of Support for Agribusinesses in Serbia for Improving Food Safety and Quality Systems. The goals of the Program were to enhance the process of introducing and certifying companies with international standards, and thus improving the quality and competitiveness of Serbian agricultural products, and facilitating their sales in world markets. Funds from this Program were used for financing up to the 50% of the costs for consulting services, and up to 70% of cost of certification services for the following standards:

1. Good agricultural practice in accordance with the **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 standards were selected based on a survey of the needs of client agribusinesses. The Project concluded grant agreements with 50 applicants that received CTOR technical approval. According to the grant applications, the agribusinesses plan to grant totalling \$235,249 to cover part of the cost of consulting and certification services for the specified standards. The agribusinesses were primarily interested in certification for the ISO 22000 standard.

The Project's policy team engaged a local STTA to assist the General Inspectorate of the Ministry of Agriculture with the introduction of Risk Analysis IT tools. The task was initiated in order to implement the requirements of the Food Safety Law stipulating that measures applied to achieve a high level of protection for human health and life must be based on risk analysis. In order to ensure proper implementation of the risk analysis, the General Inspectorate should have appropriate data and records, procedures for reporting, monitoring and tracking relevant factors and implementing corrective actions, organized and supported through appropriate IT structure and tools. The consultant provided expert advice on necessary changes to their IT structures and operations in order to introduce an efficient risk analysis system. The detailed report, with recommendations, has been prepared by the consultant, in English and Serbian, and shared with the General Inspectorate of the Ministry of Agriculture.

The Project, in collaboration with the Association of Agricultural Journalists - “Agropress” and the Ministry of Agriculture, organized the Food Safety Conference on March 17th, 2010 at the Hotel Continental in Belgrade. The objective of the conference was to engage relevant stakeholders in a constructive discussion regarding the importance of food safety, quality controls and the capacities of existing laboratories, and specific export market food safety requirements. The conference also underlined the importance of ensuring a high level of protection for consumers in Serbia, and ensuring that Serbian products meet the standards of export markets. Deputy USAID Mission Director Marilyn Schmidt joined the Minister of Agriculture, the President of the Chamber of Commerce of Serbia, the Director of the General Inspectorate, and the Director of the Accreditation Body of Serbia and other eminent experts in food safety issues, to address the audience.

In cooperation with the Association of Agricultural Journalist “Agropress”, the Agribusiness Project organized the conference “Agribusinesses and Renewable Sources of Energy - Potentials and Obstacles” at the National Bank of Serbia, on June 29, 2010. The Conference underlined the importance of increasing the production of energy from renewable sources. The Assistant Minister of Energy and Mining presented currently applied regulations, focusing in particular on the Biomass Action Plan for 2010-2012, new decrees on requirements for obtaining the status of privileged power (green electricity) producer, and GoS stimulations for power production from renewable sources. The event was very well attended with nearly 200 representatives from government institutions, industry, research and development community, and the media.

The Ministry of Agriculture and the Agribusiness Project jointly prepared a promotional video on Serbian agriculture that presents the potentials of the agricultural sector, focusing on comparative and competitive advantages of Serbia. The purpose of the video is to inform any and all relevant stakeholders on the features of agribusiness in Serbia and to 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 for 2,000 DVD copies of the video. The Ministry of Agriculture used this video to promote Serbian agribusiness at the 75th International Fair “Green Week”, held in Berlin in January 2010. The Ministry of Agriculture will also use the video at international and domestic fairs, investment conferences, workshops, seminars and bilateral or multilateral meetings.

The Agribusiness Project’s Senior Policy Advisor and the Berry Fruit Sector Lead participated in the conference on the Memorandum on the Safety of Plant Products with the Russian Federation organized by the Regional Chamber of Commerce of Valjevo in March, 2010. The producers from the region were informed about the main requirements of the Memorandum and necessary changes that need to be introduced to comply with the Memorandum. In addition, the Project disseminated information to client agribusinesses about Russian Federation requirements on pesticide residues, nitrites and nitrates, and the documentation that must accompany any export shipments of plant products to the Russian Federation.

Task 2.2.4: Support policy implementation

Activity 2.2.4.1: Warehouse Receipts (WHR):

The Agribusiness Project signed a grant agreement with the marketing agency Head Made to support a public awareness campaign regarding the warehouse receipts system in Serbia. Head Made utilized the grant funds to conduct a series of educational and promotional events and to set-up a communication center to provide on-going information about the system. Head Made is a partner organization of the Warehouse Receipts System Indemnity Fund. The activity targets all stakeholders in the warehouse receipts system, and deals with the functional mechanisms and

benefits of the system for agribusinesses, and stimulates and facilitates participation of agribusinesses in the system this harvest season.

The envisioned results of this project go beyond this single activity, and therefore the project is named “Healthy Economy”. The warehouse receipts system is designed to alleviate the financial problems that most of the agricultural producers face while waiting to sell their commodities stored in the warehouses off-season, and enable utilization of the loans for further agricultural production and processing during this period. Under the grant agreement for the project “Healthy Economy”, the following milestones were completed during Year Three:

- **Milestone 1:** Design and production of the educational and promotional material for the training seminars and workshops: educational print and video material, including a general brochure about the WHR system and the project Healthy Economy.
- **Milestone 2:** Promotion and presentation of the WHR System at the International Agricultural Fair in Novi Sad (May 15 to 22, 2010). Head Made, the Indemnity Fund and the Ministry of Agriculture presented the features of the system at the stand of the Ministry, and they organized interactive communication points with touch screens and open discussions to raise public awareness on the benefits of the warehouse receipts system.
- **Milestone 3:** Organization of a two-day training seminar for warehouse operators to facilitate their participation in the WHR system, and to become registered public warehouses. The trainings were held in May and June, and the training agenda included the topics such as operations of the public warehouse, the organization of controls in public warehouses, managing technological quality of grains, features of the warehouse receipt, relations between banks and public warehouses, trade in grains, etc. The image at the right shows the presenter and the participants at one of the Head Made training events for the WHR program.
- **Milestone 4:** Organization of a one-day training seminar for representatives of commercial banks and insurance companies, to facilitate their participation in the WHR system. The training was held in June at Salas 137, Cenej. The lecturers presented developments of new commercial bank services within the WHR system; the WHR as official certificates of ownership over commodities, use of the WHR as collateral for lending; endorsement of the WHR; bank guarantees for warehouses; collection of debt and of sales of commodities linked with the WHR; possibilities for establishment of the clearing house at the commodity stock exchange that would provide settlement services for commodities derivatives, etc.
- **Milestone 5:** Organization of a one-day training seminar for the representatives of the extension service, rural development network, and agricultural cooperatives about the characteristics of the warehouse receipt system. The training was held in June and the main goal of the training was to educate representatives of the extension service and rural network in the WHR issues to serve as leverage point in transferring information on WHR to end users, and further promotion of the system among agricultural producers.



Component 3: Program Management & Administration

3.1 AGRIBUSINESS GRANT PROGRAM:

➤ Establish & Manage the Agribusiness Grant Program

Pursuant to the provisions of the Task Order, USAID approved the revised version of the Project Grants Manual that assured consistency with the grants budget realignment and the strategic objectives of the Project in Year Three. The revisions in the Grants Manual were primarily driven by the financial crises and an unfavorable business environment for new investments (lack of specific credit programs for agribusinesses, and reduced Government subsidies for agribusinesses). Accordingly, a grant component has been introduced to support agribusiness producer organizations and ABDS providers focusing on the specific constraints that these two groups face in their efforts to provide services to their members and clients. Also, the structure of the Investment Incentive Grants component was revised to address the major cross-cutting issues in the Project sectors: lack of international quality standards, insufficient marketing and promotional capacity for Serbian products, and delays in introducing the new technologies. The final change provided for a possible increase in the Project's funding share of up to 70%.

Based on these changes, and the lessons learned from the first two years of Project implementation, the Year Three Work Plan was developed to support approximately 75 grant activities with a total grant budget of \$1 million. At the end of Year Three, the Project grants review committee had approved 95 grant applications with total grant funding of \$1,198,752; and grant recipients had committed to matching contribution of \$956,004 (i.e. 44% of total activity costs). In addition to the approved grants, two grant proposals for agribusiness associations with total funding of \$110,565, which were under review at the end of Year Three. These grants should be approved in the first quarter of Year Four. To date, the Agribusiness Project has approved a total of 135 grants for a total of \$1,783,337. These grants are in various stages of implementation, with sixty of them having been successfully completed so far. The grant disbursement rate is 59.5% of total obligated funds, and 35.4% of the total grant budget.

In Year Three, grant funds were used to support market-driven activities designed to increase the efficiency and competitiveness of Serbian agribusinesses in the six sub-sectors, by leveraging investments in marketing and promotional activities, and the introduction of international food safety and quality standards. Grant funds were also used by qualified food industry business associations and ABDS providers to provide general benefit services to their members. Finally, grant funds were used to promote and facilitate women and youth entrepreneurship in agribusiness, and to finance high quality youth business plans. Significant efforts were also put in place to assure timely completion of the grants awarded in Year Two, which have significantly contributed to the overall sales and employment results reported in this annual report. Based on annual survey results, grantees are very satisfied with the program; with an overall satisfaction rate of 4.65 on a scale from 1-extremely dissatisfied to 5-extremely satisfied.

However, certain grant activities planned for Year Three were not implemented. The grant sub-program for the introduction of new technologies in agribusiness was not implemented due to USAID's concerns related to the purchase of equipment. This sub-program was designed to cover the costs of technical services and equipment to support export-oriented innovations in agricultural production and processing. Also, the second round of the grant sub-program for marketing and promotional activities, scheduled to begin in June 2010, was postponed to Year Four due issues related to the budget realignment. Even though these two activities have not begun, targets set for Year Three for fund obligations and the number of awards, have been met.

(the text for this section continues on page 36)

The map shown below presents the distribution of Project grantees (agribusiness firms, coops, associations and individuals) by grant type sector and by district. As can be seen on the map the Project had active grants during Year Three in every district except three in the south.



➤ **Award Investment Incentive Grants to Client Firms**

The Investment Incentive Grants sub-program for the introduction of food safety and quality standards was launched in December 2009 through a public RFA. Grant funds were available for Serbian agribusinesses in the six sub-sectors to introduce international standards such as ISO 22000, IFS, BRC, ISO 140001, Organic, and GlobalGAP. As expected, this sub-program generated significant interest among agribusinesses, and it received 106 applications. Based on the assessment results, the grants review committee awarded fifty grants with total funding of \$235,249. Based on estimates included in the grant proposals, grantees will generate \$31.5 million in additional sales, and add 417 new jobs in their production facilities. From the first round of the food safety and quality standards grants, launched in April 2009, out of twenty eight approved grants fifteen grantees successfully completed the certification process in Year Three. In addition, two grantees completed consulting and preparation for the introduction of ISO 22000, and GlobalGAP and ISO 22000.

The Investment Incentive Grants sub-program for marketing and promotional activities in agribusiness, launched through a public RFA in May 2009, reached a conclusion in June 2010, with twenty one grantees completing their marketing projects, utilizing grant funds of \$347,446. These agribusinesses implemented a variety of marketing related activities, including corporate identity and trademarks, packaging and label design, brochures and sales promo material, website design, event and promotion displays, corporate sales videos, and retail store design. In order to capture the results of this grant activity, the Project engaged Mr. Jeff Spear, an international marketing expert who had been providing his expertise and technical assistance throughout the implementation of this grant activity. According to Mr. Spear's report, increases in market impact and enterprise growth were recorded by all grant recipients, with only a few exceptions. Grant recipients reported close to \$1.4 million in delivered sales, and 48 new jobs, and ABDS revenues of close to \$700,000. While most of this growth was due to enhanced marketing practices and more effective communications, helping companies improve marketability has given them new confidence and a desire to grow their businesses.

➤ **PO & ABDS Provider Grants (Delivery of Public Goods)**

The grants sub-program for agribusiness associations was developed to support producer organizations to improve their management and operational capacity, as well as to improve the services they deliver to their members and clients. The Project received 15 grant applications in response to the RFA and approved grants totaling \$211,435 to support the activities of six associations: Serbian Flora, Fruit Land, Fruits of Serbia, the association for medicinal plants "Dr. Jovan Tucakov", Forest Fruits of Serbia, and the Agroindustry Cluster. As for specific activities, these grants will support the association members' joint activities such as sector-related educational seminars and workshops, studies and researches, marketing and promotion, technology transfer, lobbying and advocacy to change industry-related policies and regulations, trade missions to Albania, Slovenia and Hungary, attendance at the trade fairs Vitafoods, World Food Moscow and Fruit Logistica. In addition to these six grants, there are two grant proposals submitted by the associations Serbia Organica and Serbian Blueberry, totaling \$110,565, which are currently under review and which should be approved in the first quarter of Year Four. Based on the proposals, the funded associations and their members will generate over \$7 million in additional sales and add 570 new jobs. It is also expected that 18 new members will join the associations as a result of Project grant assistance.

The grant sub-program to support women entrepreneurship in agribusiness was developed in line with the Special Provision (A.23) of the Task Order to support women start-ups in agriculture through a business training program and a follow-up micro-grants scheme for the most prosperous

business plans developed by participating women. Following closure of the public application process, the review committee reviewed nineteen grant applications and selected eleven grant applications for further review. Based on specific evaluation criteria, and the scoring system, the committee selected five grant applicants (Association of Business Women from Nis, Economics Institute, XAOSolutions, Center for Entrepreneurship – Kragujevac, and Be Your Own Boss) for funding with a total amount of \$141,815. These NGOs will deliver a business training program for women in agribusiness. In the first phase, the grantees will ensure adequate promotion of the training program in their assigned regions; the eligibility criteria for training participants will be finalized; as well as all necessary arrangements and logistics for the training programs, which will begin in November 2010.

In addition to the above-mentioned categories, the Project remained flexible and open to new ideas and unsolicited proposals for new activities that could significantly advance a sector from one stage of competitive development to another. Accordingly, the grant review committee approved unsolicited grant proposals to support: the Halal Agency of Serbia to organize attendance by six Serbian agribusinesses at the halal-market trade fair MIHAS 2010 in Malaysia; a business service provider Head Made to conduct activities in support of the promotion and further education regarding the warehouse receipts system in Serbia; Junior Achievement to integrate an additional 25 agriculture schools (500 students) throughout Serbia, into an extra-curriculum entrepreneurship education; and ABDS provider Agrar Kontakt to implement a training and advisory related to beef quality assurance and livestock farm management.

➤ **Award Youth Enterprise Grants to Selected Students**

A total of 23 business plans were solicited during the second round of the Youth Business Plan competition. The Project's technical staff (Sector Leads and the marketing team) analyzed the submitted business plans and selected the twelve most viable business plans. Accordingly, these twelve were advised to submit their business plan ideas in the form of a grant application. Nine of them were received within the submission deadline, and they were approved for funding with a total amount of 121,861. These grant funds will be used for various agribusinesses including milk processing into new dairy products, setting up a self-service milk sales point, mini dry mill for fruits and vegetables, medical herbs production and processing, production of Shiitake mushrooms on substrate, setting up high-tunnel production of strawberries on mulch film and high-bush blueberry fields. Thanks to Project grant funds, these nine youth agribusinesses will generate additional income totaling \$235,957, as well as generate 27 new jobs.

3.2 PROJECT COMMUNICATIONS & MEDIA:

As media are one of the key target groups within the Project Communication Strategy, a continuous effort was made in Year Three to inform them of Project activities and results. A number of tools were used:

- Media Advisories (announcing: participation at international fairs, workshops, seminars, trainings, conferences)
- News Releases (following announced activities; initiation of new programs, grants etc)
- Press Conferences (presenting major news/successes)
- Media brunches (providing in-depth information to journalist on the topic of interest)
- Organization of events (Conferences; Senior USAID officials/Ambassador's visit to project sites; Certificate award presentations; presentations of studies etc)

In Year Three the most media coverage was achieved for the Project supported Culinaria Food Fair in September (98 media reports).

In addition to ensuring the ‘quantity’ of media coverage, throughout the second part of Year Three, efforts were made to increase the ‘quality’ of reports by, for instance: initializing longer (feature) stories; targeting key national print media (Politika, Blic) and key TV shows (with highest viewer ratings, like evening News on RTS, TV Pink, TV Fox and TV B92); and organizing interviews for Sector Leads and Specialists on topics of their expertise etc.

Web sites are nowadays considered a relevant source of information for a growing number of people in Serbia. Having that in mind, the Communications Advisor, aside from creating the news content, also worked on improving the media monitoring, by extending the monitoring reach to key Internet sites. This is important since presence on the World Wide Web provides more than a national reach: news reports on the Internet are available to the whole world (namely to the Serbian-speaking population world-wide) and they continue to inform the public even long after the news source was first posted (in example: typing Culinaria/Kulinarija in the Google search engine today - will continue to ‘speak’ about the event even after all traditional media reports (newspaper, TV) are out-dated and hard to find.

Media monitoring results are presented through the **Annual Media Coverage Report:**

Month	Print	Electronic	Quarter Cumulative
October 2009	10	12	59
November 2009	5	7	
December 2009	7	18	
January 2010	12	42	200
February 2010	16	38	
March 2010	13	79	
April 2010	7	50	145
May 2010	14	33	
June 2010	12	29	
July 2010	5	7	165
August 2010	15	36	
September 2010	16	86	
TOTAL	132	437	569

➤ **Project Assisted or Hosted Public/Publicity Events:**

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

1. The National Agribusiness 2010 Conference in Belgrade, organized in partnership with AGROPRESS
2. The Rural Development Fair in Kragujevac, organized in partnership with AGROPRESS
3. The National Food Safety Conference in Belgrade, organized in partnership with AGROPRESS
4. Ambassador Worlick’s visit to the Vocko cooperative (Tree Fruit sector) in Tavankut (Vojvodina)

5. Agribusiness Project participation in the Ministry of agriculture organized Common Agricultural Policy (CAP) Conference in Belgrade
6. A national Conference on Trends in the EU Organic Market in Novi Sad
7. The Youth Business Plan Competition Awards presentation in Belgrade
8. Conference on Agribusiness and renewable energy sources in Belgrade, organized in partnership with AGROPRESS
9. Environment related workshops (Cleaner production and Integrated management)
10. Ambassador Warlick' signing of MoU in Kragujevac on "Support to Sustainable dairy sector in Sumadija"
11. CULINARIA fine food show opening in Belgrade

In addition to hosting USAID representatives, these events were also an opportunity to host and maintain good cooperation with the representatives of the Serbian Government, including the Minister of Agriculture, the Assistant Minister of Energy and Mining, and the Assistant Minister of Agriculture, etc.

➤ **Create and Manage an Agribusiness Project Web Site**

The Project web site is an important tool in the dissemination of Project related information and reports. During Year Three important upgrades to the web site were completed, in addition to the regular updates of the web site content. The key upgrades included:

- Turning the News page into the Home page (instead of the "About the project" page). Project staff and clients noted that, previously, even though the News segment was the most interesting one, it was not visible enough when they first 'entered' the site.
- Adding the "Producer Associations assistance program" page (in Serbian, as the English one already existed).
- Renaming Resources, Procurement, Technical Assistance and Grants pages in the Serbian version of the web site, to better reflect the content and avoid literal translations, which previously caused a lot of confusion for the clients/visitors.
- Adding contacts for the Cacak, Novi Sad and Nis offices on the Contact page.
- Enriching the Technical assistance page with a sub-page containing info on the latest STTA missions/engagements (with photos).
- Adding contact, branding guidelines and downloadable documents (logos, photos) in the Media Room.
- Differentiating ongoing and closed RFPs (by listing them under separate tabs).
- Making a drop-down menu for various segments of the Resources page.
- Refreshing the visuals of the Project web site by replacing existing photos in the site header with brighter and bigger ones.

From October 2009 to October 2010, over 11,000 people visited the Project web site for the first time (there were 20,800 visitors in total: new and returning), which shows that information about Project activities reached a large number of people through this communication channel. Compared to Year Two, there was a 140% increase in the number of visitors (and a similar percentage rise in

the number of new visitors), which is a great improvement, and a significant result for the communication efforts this period.

Overall, the Project website has proven to be an effective and reliable means of providing Project information to various project target groups. The web site today offers up to date, relevant, and beneficial information to its visitors.

3.3 GENERAL PROJECT ADMINISTRATION:

During the course of the past project year there have been numerous changes in Project personnel. One staff member left the Project:

- Nikola Wurzbürger, Communication Specialist: employment agreement terminated as of 31 Dec 2009, position no longer needed.

Two additional new employees were selected and hired by the Project:

- Mr. Milos Stojanovic was hired as of 16 Nov 2009 and has been relocated to the Nis Office as Program and Administrative Assistant.
- Ms. Danijela Sever-Radovanovic, Communication Specialist, was hired as of 21 Dec 2009 replacing Ms. Ana Martinovic on pregnancy maintenance/ maternity leave.

Two persons on pregnancy / maternity leave were not replaced, as their duties have been rescheduled to other active staff members. Those two are:

- Ms. Ivana Janicijevic, Youth & Gender Specialist
- Ms. Tisa Causevic, Sector Lead, livestock

One staff member returned from maternity leave:

- Ms. Jovana Dučić Savić

III. SIGNIFICANT PROBLEMS ENCOUNTERED DURING THE PERIOD:

Over the course of Year Three the Project encountered a number of problems and issues which were unforeseen, or which were continued from previous periods. Serbia offers a fluid and unpredictable agricultural growth environment. Unanticipated obstacles frequently arise. The Project attempted to foresee coming problems, and alert stake-holders, accordingly. These issues had an impact on the ability of Project staff to complete their tasks, and they will also have an impact on the Project's ability to deliver the impact called for in the Task Order and the Project's Performance Management Plan. A summary of the problems encountered follows:

- The global financial crisis continues to have a negative impact on Serbia and Serbian agriculture, and it has not abated. Project staff reviewed the conclusions drawn from the Global Financial Crisis study to ensure that Project activities were as responsive to them as possible.
- The financial crisis will inhibit the Project's ability to generate the new employment as required in the Task Order. It is likely that this indicator will need to be revised in the coming year.
- Unpredictable and severe weather in recent years has been a major disruption for agricultural producers and processors. This is a problem that will continue throughout the life of the Project and most likely become more serious.
- There is a reluctance among Serbian producers and processors to join together to address common causes. This is a result of Serbian experience in the past with mandatory groupings imposed by the government or other agencies.
- There is huge unmet need for safe pesticide use (SPU) training. This is a result of changes in the legislation regarding access to pesticides, where users will need to be certified as having been trained in SPU to be able to purchase pesticides. The Ministry of Agriculture is unprepared to undertake this task, and is not able to deal with this.
- USAID has requested that the Agribusiness Project become more fully engaged in activities in the south of Serbia, and expand our client base in that region. During Year Three implementation of this activity was hampered by the lack of approval for the budget modification which would bring in new resources to undertake this program.
- The Project needs to increase its ability to attract buyers to Serbia. Much has been done to get Serbian firms out to international trade shows, and most of these firms now have good relations with selected clients in the key foreign markets.
- The ongoing milk crisis in Serbia has highlighted the need for a greatly improved supply of high quality raw milk from farmers. The accession process for EU membership will also impose significant new requirements on the supply of milk for dairy processors.
- The original assumptions for the Livestock sub-sector program were re-evaluated and it was determined that significant change of direction was needed. The original Value Chain Assessment identified the "Baby Beef" market as the opportunity, but failed to consider the difficulty of increasing the herd size given the structural difficulties in the livestock sector and the time and investment needed to expand the herd size.

IV. ACTIONS TAKEN TO RESOLVE PROBLEMS ENCOUNTERED:

The Project has developed creative and innovative responses to the problems and issues which arose during Year Three. These responses have allowed the Project to reduce, or in some cases eliminate, the negative impacts of these problems and issues. A summary of the responses that the Project used for these problems is as follows:

- Project staff have reviewed the conclusions from the Global Financial Crisis study to ensure that activities and events were as responsive to them as possible. Some of the changes in the program of activities include: Lobbying the Ministry and SIEPA for increased involvement in international fairs and trade shows; Warning through official statements and communications that a prosperous agriculture sector is not guaranteed, and that all agencies must continue to seek new and additional export possibilities; Focusing on coordinating with other donors and programs; and Expanding our communication program to achieve the widest possible dissemination of information regarding the Project and the impact of the financial crisis.
- The trade liberalization efforts now underway in Serbia will provide both benefits and handicaps for the Serbian companies we assist. The Project has attempted to foresee these coming problems, and to alert stake-holders, accordingly. A major response to this issue is the Project's Trade Liberalization Impact Study, which has been undertaken to assess the impact of these changes. This study will alert producers and processors to the coming problems due to increased and enhanced competition from the EU and other food exporting countries.
- The Project's ability to generate the new employment, at the level indicated in the Task Order, will be greatly affected by the impact of the financial crisis. In response to this issue the Project is now emphasizing herb collection and processing. This is because there is room for export expansion in that sub-sector, and the potential for recruiting, training, and paying new collectors is similarly promising. The Project will continue to support the wild mushroom industry as in the past, but will shift the focus in the Mushroom & Herb sector to herbs in Year Four.
- The change in the weather patterns in Serbia poses significant problems, and a severe risk of loss, for many of the clients we assist. In response the Project is training berry and fruit growers on the use of anti-hail measures, and training fruit growers in the use of high tunnel technology and improving post harvest management. The Project has also commissioned a major study on the impact of weather on crop production, which will include a review of current anti-hail measures and recommendations for additional measures to be taken in the future.
- The reluctance of Serbian producers and processors to join together to address common causes has been a hindrance in the past to the formation of cooperatives and associations. Fortunately for the Project the new law on associations has helped to create a better environment for association development, and the Project has assisted with the formation of a number of new industry associations that should be the "legacy" for the Project following close-out. Taking Serbians to see similar organizations in neighboring countries, and the new grant program for associations are also successful responses to this issue.
- The issue of the need for safe pesticide use training will become more critical in the coming year, as the new law on access to pesticides comes into effect. The Project has taken the lead with the Ministry to organize a strategy to meet this need. Part of this activity was a train-the-trainers program in Year Three to provide the necessary trainers for a national program to reach all farmers. That program, and the Project's important role in it, has been accepted by the Ministry and the program for Year Four is now under development.

- The Agribusiness Project has always had a significant presence in the south of Serbia, but as the Mission shifts its emphasis to the south, the Project has done so as well. Following the approval of the budget modification, the Project formally opened the regional office in Nis and has added an additional professional staff member to take on a key role in the Southern Strategy.
- The Culinaria Food Show in Belgrade has been a key tool in attracting new buyers to Serbia, and this will continue and expand at Culinaria 2011. In addition to Culinaria, the Project has also supported and organized other inward buyer visits to Serbia, where these buyers can learn about Serbian products and meet Serbian producers.
- To assist farmers and dairy processors with milk quality and productivity issues, the Project has now partnered with the Ministry of Agriculture, key dairy processors, and the Municipality of Kragujevac to support a dairy improvement program in the Sumadija region. This program will use the materials and techniques developed in the dairy improvement program implemented in Year Two, and expand it to meet the needs of dairy farmers in this region.
- The original assumptions for the Livestock sub-sector program were re-evaluated during the year and the program has now been re-oriented in a direction that should provide better impact and a more practical program of activities. The focus in the livestock sector will now shift to the meat processing industry, and use meat processors as a conduit to assist livestock farmers. Meat processors will receive assistance to improve their productivity and marketing, and the Project will work to foster the creation of a national meat processor's association.

V. IMPORTANT OBSERVATIONS REGARDING IMPLEMENTATION:

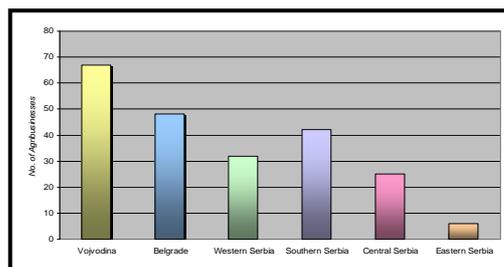
Based on implementation experience over the course of Year Three, Agribusiness Project management has identified a number of important observations that will help to improve future Project implementation, and to formulate new activities and events for the Project:

- Participation in Trade Fairs will continue to be a key factor in increasing sales for Project clients. This participation contributes directly to creating export markets.
- Consultants can be useful beyond simply providing technical advice. They are important avenues for coordination and visibility, for example, with universities and media.
- Project activity funds have proven to be a very efficient resource that allows the Project to be more innovative and to respond more flexibly to new opportunities that arise.
- Project Management has been immeasurably aided by the responsiveness of the USAID Mission to the heightened pace of activity, and the short turn-around time for necessary approvals.
- The gender and the youth entrepreneurship programs have proven to be very successful initiatives, with significant unanticipated interest among applicants.
- Managing local and international concern for the environment has emerged as a far more important and sensitive program component than originally envisaged.
- Public events that highlight Project activities, and create positive press for USAID, are extremely important and should be emphasized.
- The Project has expanded its coordination and collaboration with the USDA and other donors. This will continue over the remaining two years of the Project.
- Activities in the Livestock Sector have been at a relatively low level, but plans for new interventions should have an impact on the sector in a relatively short time.
- The TAMIS system, which is used to collect and centralize data on project activities must be used more thoroughly and effectively in Year Four.
- The Project has worked to minimize the use of unsolicited grants and has designed grant programs that are based on identified needs and public solicitations.
- Adverse weather conditions (rain & hail), and the lack of irrigation or other crop protections systems, are proving to be critical issues for some sectors.
- Exports have proven to be a critical economic safety valve during the financial crisis stress. Niche markets can be an effective approach to developing larger exports
- The Global Financial Crisis continues in Serbia, and will affect our impact. The goal of reaching 10,000 jobs by Year Five will be more difficult.
- The dearth of reasonable and available financing retards agribusiness growth, and the Project has limited ability and resources to address this.
- There is overconfidence in the Agricultural sector. High expectations may be unreasonable in view of the lack of financing, liberalization, and weather impacts.

VI. Results Achieved Relative to Annual Workplan Targets

During the month of September 2010, Project staff collected data on the results and achievements of the Project, which are reported here. This data collection was accomplished through individual surveys of clients, as well as through an analysis of data entered into the Technical & Administrative Management Information System (TAMIS). Based on this client survey, the following impact results can be reported for this reporting period:

- A total of 220 client firms received assistance during Year Three, which included 48 producer organizations, 20 ABDS providers, 139 agriculture-related firms, 11 farmers, and 2 research institutions.
- Out of the 220 agribusinesses and organizations that received assistance in Year Three, most of them (105) are located in Southern Serbia (i.e. all districts located to the south of Belgrade); a total of 67 agribusinesses are located in Vojvodina, and 48 in Belgrade. The graph at the right provides a graphic picture of the distribution of Project clients receiving assistance in Year Three.
- In Year Three, the Project implemented 74 training programs, workshops, seminars and conferences, which were attended by 3,567 participants.
- The Project also supported a series of info seminars on the use of the STIPS system, and the basics of marketing for 272 participants throughout Serbia.
- The Project supported conferences on the *Common Agricultural Policy* with 250 participants, and Agribusiness & Renewable Energy with 189 participants.
- The Agribusiness Project provided business advisory services, and facilitated market access, for Serbian agribusinesses attending six international fairs and trade shows with Project support. The Project also supported the organization of three domestic trade shows with 170 exhibiting firms from Serbia and neighboring countries.
- A total of 95 grants, with grant funding amounting to \$1,198,752 (USAID funds) were approved in Year Three, with a significant matching contribution (\$1,386,993) being provided by the grantees. The current grant disbursement rate is 59.5% of the total obligated funds, and 35.4% of the total grant budget of \$3 million.
- The Project has devoted significant time and effort to addressing policy issues to improve the enabling environment for agribusiness. Seven strategy papers were prepared with Project assistance, while one policy reform was implemented in Year Three.
- To evaluate the quality of Project assistance, this year’s annual survey included questions related to client satisfaction with types of assistance provided. Client satisfaction was measured on a scale of 1 to 5, with 5 = extremely satisfied. A total of 82 clients participated in this year’s survey. The table below shows the client satisfaction rating for the types of Project assistance, and the overall client satisfaction rating was 4.61.

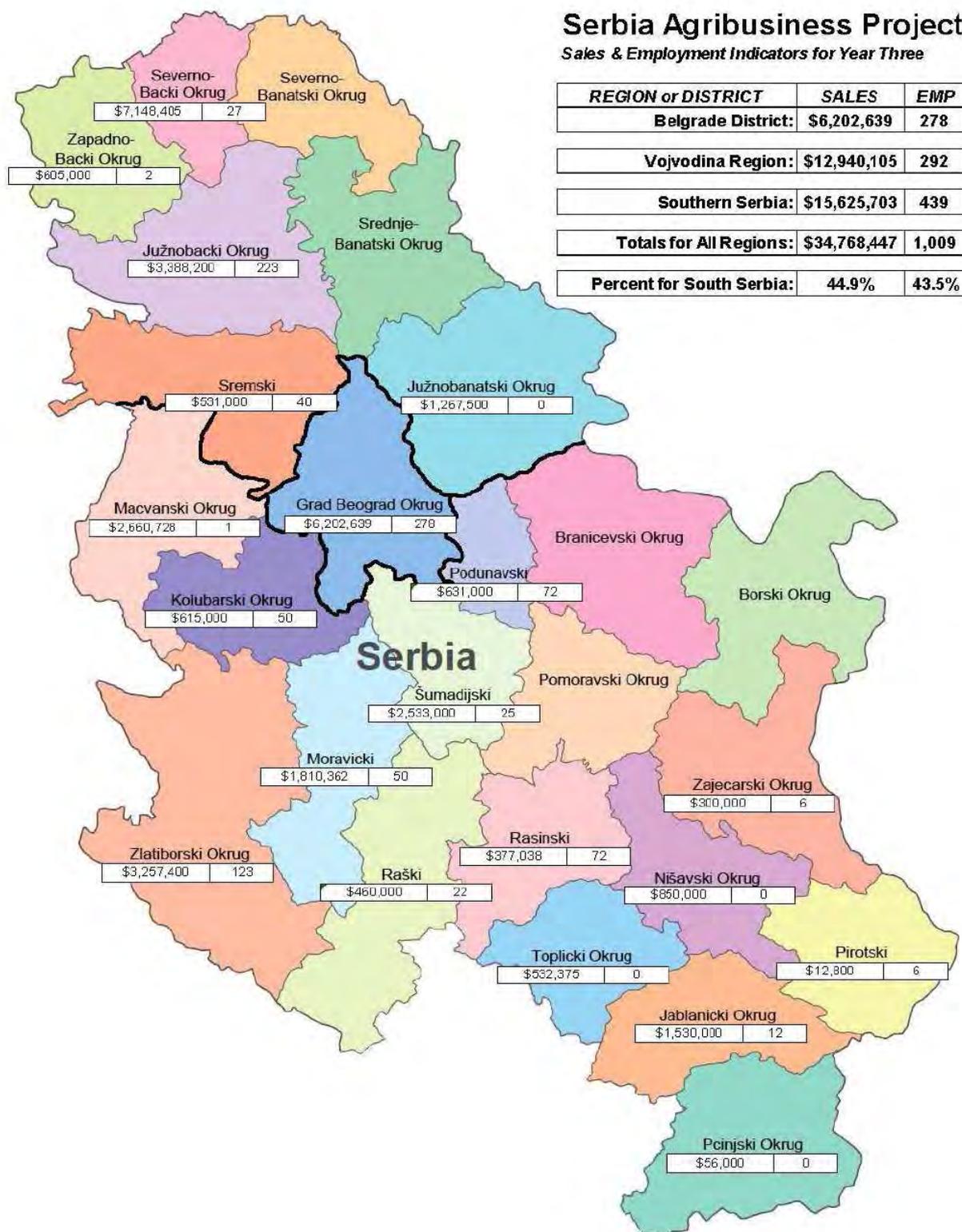


Type of Assistance	Grant	Market Linkages	Training/ Advisory	Trade Fair Attendance	Study Tour	Overall Score
Scores in 2009	4.57	4.39	4.56	4.47	4.63	4.53
Scores in 2010	4.65	4.43	4.67	4.45	4.88	4.61

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The map shown below presents the distribution of the primary Project impact indicators (sales and employment) by administrative district. As can be seen on the map, the Impact Survey for Year Three recorded impact in 20 of the 25 districts in Serbia. Two districts in Vojvodina, and three districts in the south had no impact reported in the survey.



➤ **Client Sales Reported:**

During Year Three a total of \$34.3 million of agricultural and food products were delivered by client firms, based on a total contracted amount of \$45.7 million. Sales of processed and fresh fruits and vegetables accounted for 82.2% of the delivered sales reported in the annual survey. Based on this data the Project has exceeded the sales target of \$12 million in Year Three. The table below provides summary data on the sales target and achievements.

Project Overarching Indicator	Y3 Target	Y3 Actual Result
<i>Dollar value change in agricultural product sales of USAID Agribusiness Project beneficiaries (Delivered sales)</i>	\$12 Million	\$ 34,264,047
<i>Contracted Sales</i>	N/A	\$ 45,671,264
<i>Under Negotiation</i>		\$ 17,741,725

Of the \$34,264,047 in delivered sales, the surveyed companies reported that exports made up 71.5% of the total sales reported, or \$24,507,592. Based on the survey results, the major export markets for Serbia were the EU with \$13,789,744, and Russia with \$9,372,572.

➤ **Employment Generated:**

A total of 364 registered (full-time and part-time) jobs, and 645 seasonal jobs, were reported by client organizations for Year Three. A total of 39% of these new employees are women, and an additional 24% are classified as youths. Since the beginning of the Project, a total of 5,019 new jobs have been created by Project clients (439 full-time, 443 part-time and 4,137 seasonal jobs). Based on the results reported by surveyed firms, the Project can confirm that the PMP target of 3,000 jobs (cumulative) by the end of Year Three has been exceeded.

➤ **Results by Beneficiary Categories:**

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

Objective 1.1: Strengthen Producer Organizations:

In Year Three, the Project provided assistance to 48 separate producer organizations, and this assistance included various training programs, direct technical assistance, international study tours, trade fairs, and Project grants. There are 48 producer organizations that have been assisted to date, which exceeds the established PMP target of 40 producer organizations receiving assistance by the end of Year Three. Members of the assisted producer organizations reported a total of \$15,294,128 in delivered sales during Year Three.

Objective 1.2: Improve ABDS Service Delivery:

During Year Three, the Project provided direct assistance to 20 ABDS providers that provide agricultural business development services to client firms. With the 39 ABDS providers that were assisted during Years One and Two, the Agribusiness Project has now almost reached the PMP target of 60 ABDS providers receiving assistance by the end of Year Three.

Objective 1.3: Encourage Youth Involvement in Agribusiness:

In cooperation with Junior Achievement, the Project expanded its entrepreneurship training program for youth. Junior Achievement utilized grant funds totaling \$21,000 to integrate an additional 25 agricultural schools throughout Serbia into a comprehensive extra-curricular

educational program, which covered topics such as the creation of a company, management and operations, applied economics, and a computerized business simulation called “Titan” that allows "virtual companies" to be created by students to compete against each other.

The second round of the Youth Business Plan Competition was completed during Year Three, and nine youth grants, totaling \$149,301, were approved for funding. The Project’s share is \$121,861, while the matching contribution will be \$27,440. Their business ideas include the production of new dairy products, a mini drying mill for fruits and vegetables, medicinal herb production and processing, production of Shiitake mushrooms on substrates, and high-bush blueberry fields. As projected in their business plans, these nine agribusinesses will contribute impact results totaling \$235,957 in sales, and 27 new jobs.

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

Based on Project technical assistance and grants, a total of 13 agribusinesses have accessed new technologies that enhance their productivity and production, as well as the quality of their products. In Year Three, the Project continued to provide financial & technical assistance for the introduction of food safety and quality standards. The first round of the grant program was launched in April 2009, and out of twenty eight approved grants fifteen recipients successfully completed the certification process in Year Three. In addition to this, two grant recipients successfully completed consulting and preparation for the introduction of ISO 22000 and GlobalGAP, but they needed additional time to complete certification.

Objective 2.1: Improve Crop Production Estimates & Market Information:

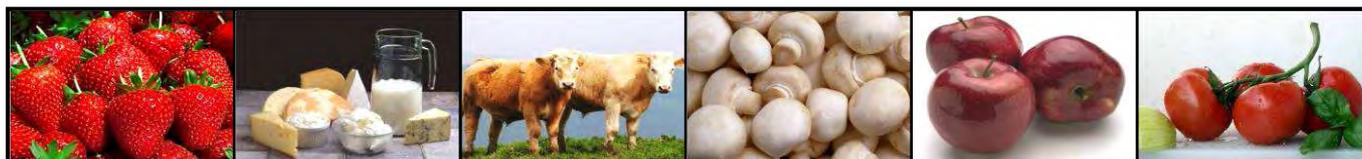
In Year Three, the Project continued cooperation with the Ministry of Agriculture on the project to improve the agriculture market information system (STIPS) which was initiated during Year Two. According to a web-based satisfaction survey sent out by the Ministry of Agriculture, the average score for the system is now at 3.76, on a scale of 1 to 5. This is an improvement compared to the average score of 3.38 which was recorded in Year Two.

Objective 2.2: Promote Legal, Policy and Regulatory Reform:

The Project continued efforts aimed at creating an enabling environment for agribusiness development in Serbia. The Project prepared seven strategy papers on various topics related to the sub-sectors assisted by the Project, and these have been made public on the Project web site, and shared with Project partners and beneficiaries. One policy reform was implemented by the Government of Serbia in Year Three, as a result of Project assistance.

➤ **The Agribusiness Project Grant Program:**

A total of 95 grants, valued at \$1,198,752 (in USAID Funds) were approved in Year Three, with a significant matching contribution being provided by the grantees of \$956,004 (i.e. 44% of the total activity costs). These grant funds were used to support market-driven activities designed to increase the efficiency and competitiveness of Serbian agribusinesses by leveraging their own investments. The grant funds were also used by qualified food industry business associations and ABDS providers to provide general services to their members. Finally, the Project utilized grant funds to promote and facilitate women’s entrepreneurship in agribusiness, and to finance wining youth business plans, as well as Junior Achievement’s entrepreneurship training in Serbia’s agricultural schools. To date, the Project’s Grants Review Committee has approved a total of 135 grants, with total grant funding of \$1,783,337. These grants are in various stages of implementation, with sixty of them having been successfully completed by the end of Year Three. The current grant disbursement rate is 59.5% of the total obligated grants, and 35.4% of the total grant budget of \$3 million.



USAID Serbia Agribusiness Project

Annual Report – Project Year Three

October 1, 2009 – September 30, 2010

Annex I – Performance Monitoring Plan

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1. INTRODUCTION & BACKGROUND

Pursuant to the provisions of USAID Task Order, the Agribusiness Project has established a performance-based monitoring system to track and document results and achievements attributable to Project assistance. The Performance Monitoring Plan (PMP) defines the Project's monitoring and evaluation system, which is the foundation of the Project's internal and external communication strategy. This plan allows Agribusiness Project staff to build on winning initiatives, and take corrective action when results are less successful than anticipated. The monitoring system is also used to compile and track performance monitoring information, including indicators required by the USAID Mission to Serbia. The indicators are divided into the following four major categories:

- 1) USAID Standard Indicators
- 2) Overarching Project Level Indicators
- 3) Component 1 Indicators: *Increased Efficiency and Competitiveness of Serbian Agribusiness*
 - Objective 1.1: Strengthen Producer Organizations
 - Objective 1.2: Improve ABDS Delivery
 - Objective 1.3: Encourage youth involvement in agribusiness through the Youth Enterprise Program
 - Objective 1.4: Increase value-chain competitiveness
- 4) Component 2 Indicators: *Improved Enabling Environment for Serbian Agribusiness*
 - Objective 2.1: Improve Crop and Livestock Production Estimates and Market Price Information
 - Objective 2.2: Promote Legal, Policy, and Regulatory Reform

The impacts of assistance are collected from Project beneficiaries; these results are entered into the TAMIS system on a regular basis. TAMIS integrates work plan management, impact and performance monitoring, and project administration into one information system organized around the annual work plans. In addition to TAMIS, Agribusiness Project staff conduct results surveys on a quarterly and annual basis using a customized questionnaire to capture and verify the impact of Project assistance at the client level. Client impact and satisfaction surveys are efficient tools for measuring results and getting feedback from our primary partners: agriculture-related firms, producer organizations and ABDS providers.

Technical Advisors and Sector Leads advise the Monitoring and Evaluation Team regarding the firms and organizations that should be covered by the survey for each quarter, while the more comprehensive annual client impact and satisfaction survey covers all firms and organizations that received more than one type of Project assistance in the preceding Project year. The results collected through the annual survey, and the already available TAMIS data, provide the foundation for the Project's annual performance report to USAID. These types of surveys enable Project management, and the USAID Mission, to collect quantitative data on the major sales and employment indicators, as well as other data useful for efficiently planning and strategizing Project assistance, such as the availability of the agriculture business development services, adoption of new technologies, and the client satisfaction ratings of Project assistance, etc.

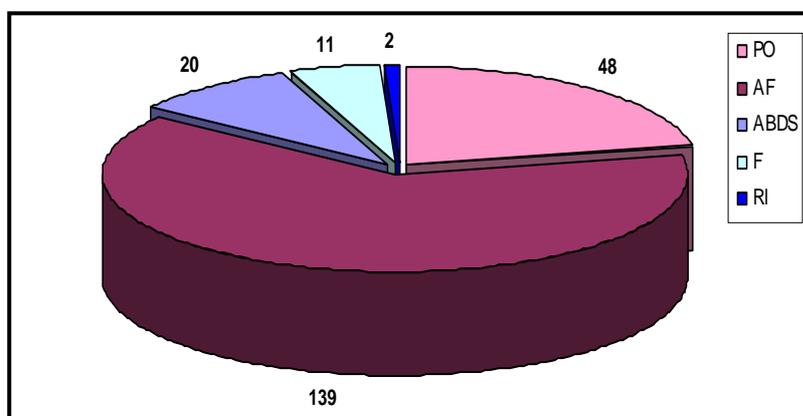
The Year Two annual survey revealed that the unified questionnaire for all beneficiary groups used at that time seemed to be confusing for our clients. Accordingly, the M&E team, in conjunction with Project staff, has adapted the questionnaire and developed separate questionnaires which are

more appropriate for the different types of Project beneficiaries. For the annual survey the Project will now be using questionnaires specifically designed for ABDS providers, producer organizations, agriculture-related firms, and individual farmers (if needed).

2. PROJECT ASSISTANCE & ANNUAL RESULTS BY INDICATORS

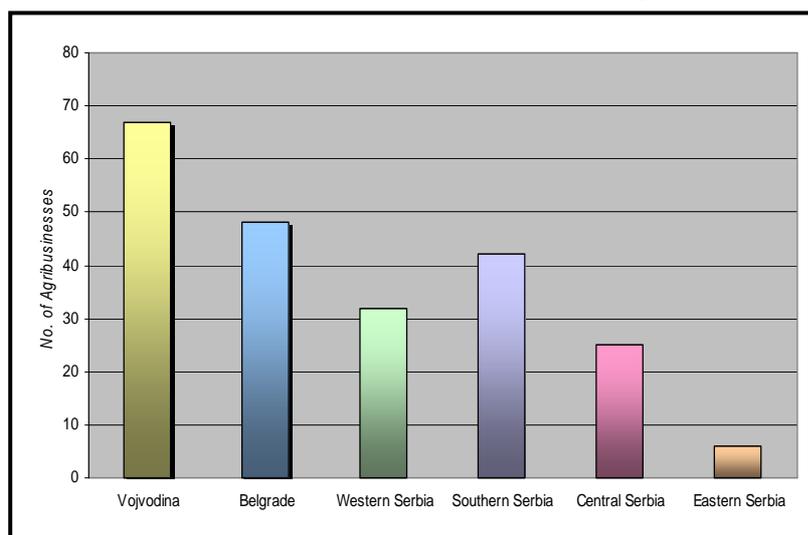
During the month of September 2010, the Agribusiness Project collected results and achievements, which are reported herein, by surveying the recipients of Project assistance, as well as by analyzing the data entered into the Technical and Administrative Management Information System (TAMIS) over the course of Year Three. The results collected in this process are divided into the four major categories defined by the PMP. According to the data collected, the Agribusiness Project provided

direct financial and technical assistance to 220 Serbian agribusinesses in Year Three (FY10), which included 48 producer organizations, 20 ABDS providers, 139 agriculture-related firms, 11 farmers, and 2 research institutions. The graph below shows the breakdown of the client types that received Project assistance during Year Three.



Out of the 220 agribusinesses and organizations that received Project assistance in Year Three, most of them (105) are located in what the Project has defined as Southern Serbia (ie all districts located to the south of Belgrade); a total of 67 agribusinesses are located in Vojvodina, and 48 in Belgrade. It should be noted that the location of a client in Belgrade is deceptive. Many of the agricultural firms that have their headquarters in Belgrade have their production and processing operations in the southern regions of the country. The Belgrade location is usually limited to administrative and marketing functions, and not production and processing.

In Year Three, the Agribusiness Project also implemented 74 training programs, workshops, informational seminars and conferences, which were attended by a total of 3,567 participants.



The training programs and workshops covered topics such as transformative leadership for business and how to create a culture of success, farm management training programs for dairy farms and vegetable producers; training programs for blueberry stakeholders and for MAP processors and exporters to facilitate the creation of sector associations; marketing and sales techniques for trade fair participants; workshops on ozone generators; training on apple post harvest management and

ULO storage; training on cranberry production; halal production and marketing; reducing production costs through irrigation and fertigation of apple orchards; a workshop on the prospects within the EU organic market; as well as a series of workshops on environmental issues such as cleaner production in agribusiness, pesticide safety, and integrated soil management.

In addition to the training programs and workshops, the Project supported a series of info seminars that included market analysis, the use of STIPS information, and the basics of marketing for 272 participants throughout Serbia. Also, the Agribusiness Project supported a Food Safety Conference organized by Agropress which had 192 participants; and a two-day Principals' Annual Conference of Junior Achievement Serbia which had 70 participants. The Project also supported a conference on the *Common Agricultural Policy* with 250 participants, and a conference on Agribusiness and Renewable Energy Sources which attracted a total of 189 participants. All these conferences included attendance by relevant high-profile government officials e.g. Minister of Agriculture, State Secretary, etc., as well as relevant USAID Mission representatives.

The Agribusiness Project also provided business advisory services, and facilitated market access, for Serbian agribusinesses attending six international fairs and trade shows which received Project support: (*Anuga, Fruit Logistica and Biofach in Germany, MIHAS in Malaysia, Fancy Food in New York, and World Food in Moscow*). The Project also supported the organization of three domestic trade shows (*Tea Festival in Nis, Rural Development & Women Entrepreneurs in Agribusiness Fair in Kragujevac, and Culinaria*) with 170 exhibiting firms from Serbia and neighboring countries.

In addition a total of 95 grants, valued at \$1,198,752, were approved for funding in Year Three, with a significant matching contribution (\$956,004 or 44.37% of the total cost of the individual projects) being provided by the grantees. Grant funds were used to support market-driven activities designed to increase the efficiency and competitiveness of Serbian agribusinesses in the six sub-sectors by leveraging their investments in marketing and promotional activities, education and the introduction of international food safety and quality standards. Grant funds were also used by qualified food industry business associations, and ABDS providers, to provide services for their members. Finally, the Agribusiness Project utilized grant funds to promote and facilitate women's entrepreneurship in agribusiness, and to finance selected youth business plans along with Junior Achievement's entrepreneurship training in agricultural schools throughout Serbia. Since the inception of the Grant Program in April 2008 to the end of Year Three (09/30/10), the Agribusiness Project has approved a total of 135 grants, with total grant funding of \$ 1,783,337. These grants are now in various stages of the award and implementation process, while sixty grants have successfully been completed to date. Grant recipients have committed to provide additional funds, as their matching contribution, totaling \$1,386,993. The current grant disbursement rate is 59.5% of the total obligated funds, and 35.4% of the total grant budget of \$3 million.

The Agribusiness Project has also invested significantly in providing advice and assistance in policy issues which are aimed at creating an enabling environment for agribusiness growth and development in Serbia. Accordingly, a total of seven strategy papers were prepared with Project assistance, while one policy reform was implemented in Year Three. In addition, the Agribusiness Project continued its cooperation with the Ministry of Agriculture on improving the agricultural market information system (STIPS), which was initiated during Year Two. With this cooperation, and the Project's assistance, a total of 266 producers, firms and producer organizations were trained in the use of market information (STIPS), the basics of marketing, and market analysis.

As was the case in Year Two, the annual survey included questions related to client satisfaction with the various types of assistance the Project has provided which are used to evaluate the assistance from the client’s perspective. Client satisfaction was measured on a five point scale, from 1 = extremely dissatisfied, to 5 = extremely satisfied. A total of 82 agribusinesses participated in this year’s annual survey, and reported results attributable to Project assistance, as well as their satisfaction with services provided by the Project. Clients were asked to rate each type of service provided (grants, market linkages, training and advisory services, trade fair attendance, and study tours). Accordingly, the Agribusiness Project is able to report on client satisfaction by each type of assistance, as well as their overall satisfaction with the Project. As can be seen in the table below, the client satisfaction with each type of assistance has increased, with one exception (Trade Fair Attendance). In addition, the overall client satisfaction with Project assistance in Year Three has improved compared to the client satisfaction rating of Year Two.

<i>Type of Assistance</i>	Grant	Market Linkages	Training/ Advisory	Trade Fair Attendance	Study Tour	Overall Score
<i>Scores in 2009</i>	4.57	4.39	4.56	4.47	4.63	4.53
<i>Scores in 2010</i>	4.65	4.43	4.67	4.45	4.88	4.61

With these ratings, the Agribusiness Project is able to assess to what extent the team is adeptly identifying unmet needs among clients, and assisting the private sector to respond to these needs.

2.1 USAID Standard Indicators

USAID Serbia has recommended that the Agribusiness Project use the following performance indicators to measure the results generated through the support provided by the Project:

- 1) **Percent change in value of international exports of targeted agricultural commodities as a result of USG assistance:** According to the survey results, the Project-assisted agribusinesses reported an 11.16% increase over the previous year for international exports of targeted agricultural products. Out of 82 agribusinesses surveyed in Year Three, a total of 55 reported international exports of the targeted products totaling \$24,507,592, versus \$22,047,559 reported by 48 companies in Year Two. However, these results are slightly below the target of 15%, primarily due to the financial crisis, and other economic factors that were not as favorable for Serbian agribusinesses as they were in 2009. Nevertheless, the primary export markets for Serbian agricultural and food products remained the EU with 56.3%, and Russia with 38.2% of total exports reported by Project-assisted agribusinesses. Other export markets include the United States and South America with \$760,884, Ukraine with \$65,000, Australia and Japan with \$27,860, and the CEFTA countries with \$491,502.

- 2) **Number of producer organizations assisted:** The Project directly assisted 48 producer organizations in Year Three, exceeding the target of 40 producer organizations receiving USG assistance for this Project year. Pursuant to the provisions of the revised Task Order, the Project’s future assistance will primarily be focused on producer organizations, associations, and cooperatives from Southern Serbia. Note that producer organizations are complex entities, and at this stage of development in Serbia viable producer organizations are the exception, and far from the rule. Reaching the projected assistance targets for 2011 and 2012 within the

current environment in Serbia will be a significant accomplishment. However, the Project believes the experience accumulated to date will allow these numbers to be achieved.

- 3) Number of agriculture-related firms benefiting directly from USG supported interventions:** A total of 139 agriculture-related firms have benefited directly from assistance over the course of Year Three. Since the inception of the Project, a total of 193 agriculture-related firms have benefited from Project interventions, which exceeds the cumulative target of 100 agriculture-related firms benefiting from Project support over the course of the first three years of the Project. The majority of these agriculture-related firms (84%) are considered micro-enterprises (i.e. they employ up to 50 workers, with annual sales of less than \$8 million).

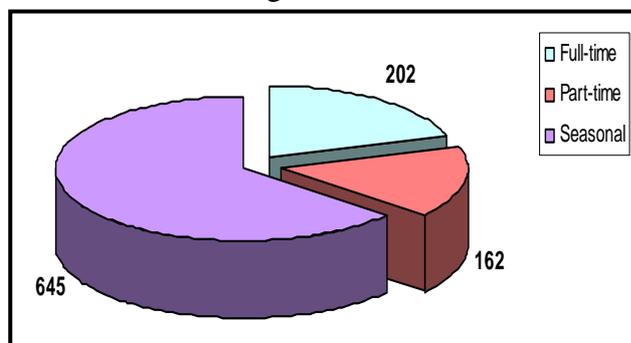
2.2 Overarching Project Level Indicators

While a number of indicators can be attributed to particular interventions, the overarching Project-level indicators result from a combination of technical assistance, training, and grants that span across all the Project functions. In addition to the sales and employment results captured through the annual survey, the Agribusiness Project has acquired data regarding Serbia’s agricultural GDP, and agricultural exports, from the National Bureau of Statistics.

- 1) Percent change in agricultural GDP:** Actual results for the agricultural GDP in 2009 and 2010 will be provided in December 2010 and December 2011 respectively, because the National Bureau for Statistics publishes these data annually, and only one year after the end of the calendar year (Serbian Fiscal Year). The Baseline Year for the Project is 2007, when the agricultural GDP of Serbia was \$4.25 billion, and the targets for 2009 and 2010 are 1% and 3% over the baseline, respectively. The actual results for 2008 show an increase of 8.6% for the agricultural GDP, compared with the baseline, thus exceeding the target of 0.5% for 2008.

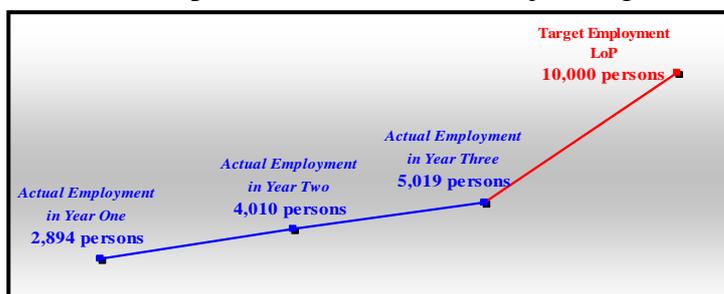
- 2) Percent change in the value of agricultural exports:** The actual results for the value of agricultural exports in 2009 and 2010 will be provided in December 2010 and December 2011 respectively, because the National Bureau for Statistics publishes these data annually, and only one year after the end of the calendar year (Serbian Fiscal Year). Actual results for 2008 show that the value of agricultural exports reached \$1.96 billion (i.e. 16.12% over the baseline of \$1.67 billion in 2007), and the target for 2008 was 2% over the baseline. The Baseline Year is 2007 when the value of agricultural exports was \$1.69 billion, and the targets for 2009 and 2010 are 4.5% and 7.5% over the baseline, respectively.

- 3) Actual increase in employment in agricultural processing and services:** A total of 364 registered (full-time and part-time) jobs, and 645 seasonal jobs, were reported by Project client organizations for Project Year Three. A total of 39% of all these new employees are women, and an additional 24% are classified as youths. Since the beginning of the Agribusiness Project, a total of 5,019 new jobs have been created by Project-assisted agribusinesses (439 full-time, 443 part-time and 4,137 seasonal jobs). The graph on the right shows the breakdown of jobs created. The Project has exceeded the target of 3,000 new jobs set as the cumulative target for the first three years of the Project. However, the Project has a significant challenge ahead if it is to achieve the Life-of-



USAID Serbia Agribusiness Project – Year Three Annual Report

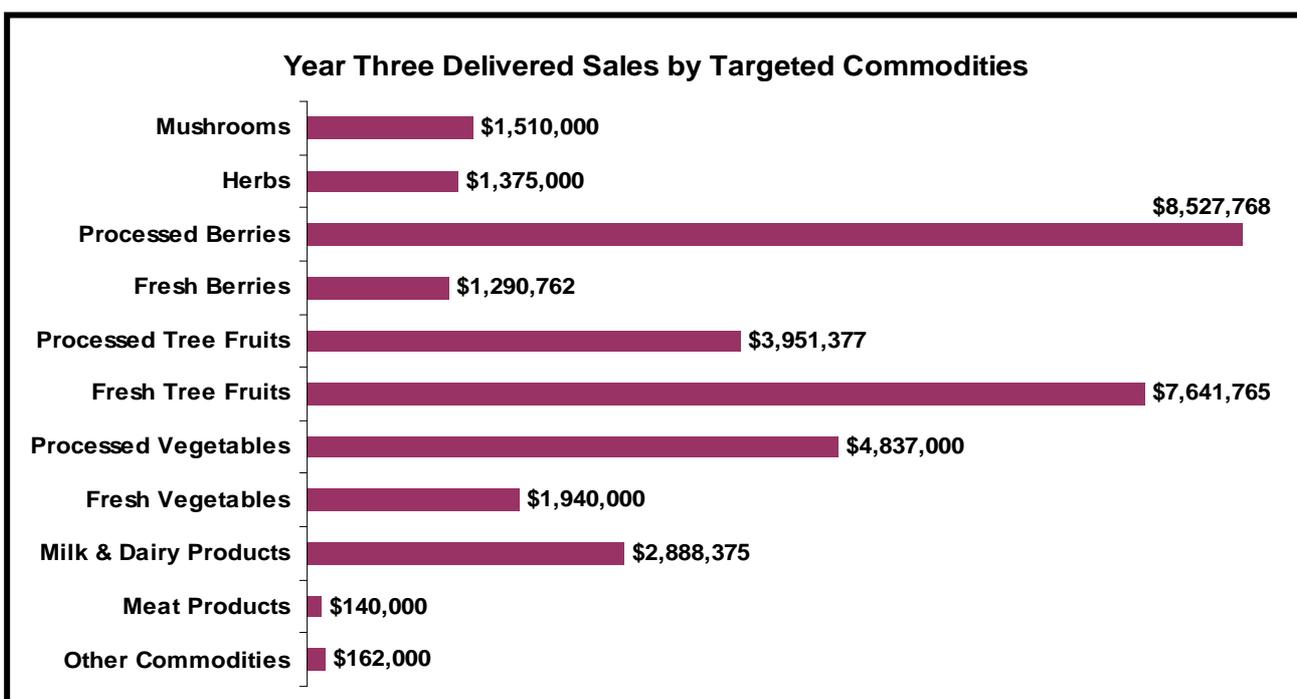
Project target of 10,000 new jobs over the five years of the Project. The graph below, on the right, shows the actual employment reported to date, compared with the Life-of-Project target at the end of Year Five of 10,000 new jobs.



4) Dollar value change in agricultural product sales of USAID Agribusiness Project beneficiaries:

During Year Three \$34.3 million of agricultural products were delivered by clients, out of a contracted total of \$45.7 million. Of these deliveries 71.5% of the total was exported, while the sales of processed and fresh fruits and vegetables accounted for 82.2% of the total delivered sales reported in the annual survey. The Project has exceeded the cumulative target of \$12 million in additional sales deliveries for Year Three. For two years in a row, Project-assisted agribusinesses have generated more than \$30 million in additional delivered sales. The Project will continue to assist client agribusinesses to improve their competitiveness, and to market their products in Serbia and internationally.

Project Overarching Indicator	Y3 Target	Y3 Actual Result
<i>Dollar value change in agricultural product sales of USAID Agribusiness Project beneficiaries (Delivered Sales)</i>	\$ 12 Million	\$ 34,264,047
<i>Contracted Sales</i>	N/A	\$ 45,671,264
<i>Under Negotiation</i>		\$ 17,741,725



Of the \$34,264,047 in delivered sales, the surveyed companies reported exports of \$24,507,592 (or 71.5% of the total delivered sales). According to the survey results, the major export markets for Serbian agricultural and food products were the EU with \$13,789,744, and Russia with \$9,372,572. Other important export markets include the United States and South America with \$760,884, Ukraine with \$65,000, Australia and Japan with \$27,860, and the CEFTA countries with \$491,502.

2.3 Component 1 Indicators: Increased Efficiency and Competitiveness of Serbian Agribusiness

Objective 1.1: Strengthen Producer Organizations

In Year Three, the Agribusiness Project continued to provide assistance to both existing and nascent groups of farmers and agribusiness-related firms to work together to become effective service providers for their members and to evolve into sustainable business enterprises. Furthermore, the producer organizations played an important role in the process of collecting the indicators and capturing results within this year's annual survey. This year, the Project provided direct assistance to 48 producer organizations, which included various training programs, technical assistance, study tours, trade fair attendance and grants. Accordingly, the Agribusiness Project exceeded the target of 40 producer organizations receiving assistance set for Year Three.

Members of the assisted producer organizations reported a total of \$15,294,128 in delivered sales, with 94.5% of these sales being for export. The National Association "Fruits of Serbia" alone reported \$10,132,300; while other associations that reported member sales included: ZZ Prima Borovnica, Serbia Organica, Fruit Land, ZZ Vocko, the Association for Medical and Aromatic Plants "Dr. Jovan Tucakov", Serbian Blueberry Association, the Arilje SME Association, and ZZ Eko Adut. Based on these sales results, it can be concluded that 44.6% of the total delivered additional sales in Year Three were generated by producer organizations, and close to 60% of the total export sales were provided by producer organizations. The target of \$2 million in member sales through Agribusiness Project-assisted producer organizations has been exceeded.

During the reporting period, a total of 48 new members have joined Agribusiness Project-assisted producer organizations ZZ Prima Borovica, Serbia Organica, Fruits of Serbia, the National Association Dr. Jovan Tucakov, and the Serbian Blueberry Association. Accordingly, a total of 540 new members have been registered since the start of the Agribusiness Project. The Agribusiness Project also helped to create of two new associations during Year Three: the Serbian Blueberry Association and Serbian Flora. As was indicated in last year's annual report, the targets for this indicator are set unrealistically high (3,000 new members by the end of 2010, and 6,000 new members by the end of Project) and they should be revised.

In Year Three, the Project worked with a limited pool of producer organizations in the selected sub-sectors with the main focus being on helping to create new associations and build the capacity of existing farmer cooperatives. To measure the improvements in the organizational capacities of these producer organizations we again used the Organizational Capacity Assessment Tool (OCAT). Scoring assisted producer organizations through this method results in an indicator that scores civil society and community-based organizations along seven (7) dimensions that are critical to effective organizations (governance, management practices, human resources, financial resources, service delivery, external relations, and sustainability). Each dimension in the OCAT survey was scored

along a 5 -point scale, where 1= needs urgent attention, all the way to 5 = good, but needs maintaining. However, this year's survey included a representative sample of agricultural cooperatives, as the most suitable organizations to measure organizational improvements. The average score of this year's OCAT survey is 3.21 and it shows a significant improvement in the organization skills of the surveyed cooperatives compared to last year's 2.42 score. However, significant attention, and additional interventions in the coming year, are still required. Pursuant to the PMP methodology, the first year's average score is set as the baseline for this indicator

Objective 1.2: Improve ABDS Delivery

USAID Agribusiness Project assists ABDS providers to strengthen their operations and promote the establishment of new ABDS firms to provide in-demand services to firms along the value chain. In Year Three, the USAID Agribusiness Project provided direct assistance to 20 ABDS providers, thus, with 39 ABDS providers assisted in the previous two years, the Agribusiness Project has nearly achieved the target of 60 ABDS providers assisted by the end of Year Three.

Project-assisted ABDS providers reported new revenues totaling \$504,400 as a result of the assistance provided by the Agribusiness Project, which exceeds the target of \$200,000 in ABDS revenues in Year Three. These services include consulting services pertaining to the proper production and irrigation of herbs, vegetables and fruits, dairy farm management, logistics and distribution – consolidation, training in professional selling skills, strategic business plan development and integrated marketing communications, farm management, packaging and web design, solar drying and new technology in agriculture.

To evaluate the availability and quality of the agribusiness development services, this year's annual survey included client satisfaction ratings of such services on a five point scale, from 1 = extremely dissatisfied to 5 = extremely satisfied. According to the survey results, the Project clients are very satisfied with the availability and quality of agribusiness development services in Serbia with an average score of 4.24.

Three clients have received credits as a result of Agribusiness Project assistance, with the total amount of credits being \$160,870 (i.e. PG Goran Arandjelovic: \$11,400; Desing: \$135,970 and Taurus Agro Consulting: \$13,500). Lending institutions included Banca Intesa, the Government of Serbia's Development Fund, and Komercijalna Banka.

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

The Agribusiness Project team continued its efforts to attract and retain Serbian youth in agriculture and agribusiness. In cooperation with Junior Achievement Serbia, the Agribusiness Project expanded its entrepreneurship training program for youth. Junior Achievement Serbia utilized grant funds totaling \$21,000 to integrate an additional 25 agricultural schools throughout Serbia into a comprehensive extra-curricular educational program, which covered topics such as the creation of a company, management and operations, applied economics, and a computerized business simulation called "Titan" that allows "virtual companies" to be created by students to compete against each other as they manufacture and market similar products. Topics also included doing business internationally (Enterprise without Borders), financial markets, banking, business ethics, etc.

Through this business education program, Junior Achievement Serbia has raised the awareness of Serbian youth regarding their personal and professional capabilities and potentials, enhancing their capacities and competitive advantage in the job market as qualified employees and future business owners. Also, this program enabled Serbian educational and youth development systems to address youth employment needs in a better way, and to facilitate the involvement of the private sector in these issues. As for the specific indicators set by the Agribusiness Project's PMP, the technical assistance was provided to 500 young people.

In addition to the Junior Achievement's training program, the Agribusiness Project implemented the second round of the Youth Business Plan Competition. The competition provides promising young entrepreneurs with assistance to implement their business plans and to start a business with Project financial assistance – small grants. A total of nine youth grants, with total funding of \$149,301, were approved for funding. The Project's share is \$121,861, while the matching contribution to be provided by the youth grantees will be \$27,440. Their business ideas include the production of new dairy products, setting up a self-service milk sales point, a mini drying mill for fruits and vegetables, medicinal herb production and processing, production of Shiitake mushrooms on substrates, setting up high-tunnel production of strawberries on mulch film, and high-bush blueberry fields. As projected in their business plans, these nine agribusinesses will contribute to the Project's sales and jobs results with a total of \$235,957 in sales, and 27 new jobs.

However, the Agribusiness Project needs to invest additional efforts to meet the youth program indicators, such as 110 youth-led businesses participating in Agribusiness Project-funded activities by 2012, and 57 youth-led successful and/or operational businesses initiated with Agribusiness Project assistance by 2012. The results reported in the first three years of the Project, for those two indicators, are far below the targets set in the Project's PMP and may need to be revised.

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

The Agribusiness Project has utilized grants, technical assistance and training to promote the project objective of rapid, sustained, and broad-based economic growth. These activities are leveraged with contributions from clients, and from other donors, to address market failures hindering firms from investing in new technologies and international food safety and quality standards.

Based on Project technical assistance and grants, a total of 13 agribusinesses have accessed new technologies that enhance their productivity and production, as well as the quality of their products. These new technologies include berry fruit production under high tunnels and semi-tunnels; potted-plants and hydroponic production of berries; the use of sulphur for reducing soil Ph; the use of water soluble fertilizers; technologies for planting blueberries and cranberries; the use of peat as a fertilizer; thermoseal packaging that reduces the time needed for packaging and increases productivity; closed production cycles enabled by introducing pumps and connecting existing equipment; new technology for fruit puree and syrup production without preserving agents for use in the ice-cream industry; a patented technology for drying fruits, vegetables, medicinal herbs and spices and mushrooms; the use of ozone generators; pyramid tea bags and classic tea bags in envelopes, a somatic cell testing unit, and sexed semen for Artificial Insemination. The following agribusinesses have utilized these new technologies: PG Goran Arandjelovic, Borjana, ZZ Prima Borovnica, Desing, NTIM Technology, Agrar Plus, National Association "Serbian Blueberry", Agricultural Innovation Center Arilje, Rasadnik Malina, Mladost Cooperative, Libertas, Fructus and Taurus AgroConsulting. The target is set at 500 agribusinesses accessing new technologies in the

first two years of the Project, which is considered highly unrealistic. Accordingly, the Agribusiness Project will revisit this indicator and propose new targets to the USAID Mission.

In Year Three, the Project has continued to provide financial and technical assistance for the introduction of food safety and quality standards. Grant funds were available for Serbian agribusinesses in the six selected sectors to introduce one or more of the following international standards: ISO 22000, IFS, BRC, ISO 14001 and GlobalGAP. Fifty agribusinesses received grant awards to introduce at least one of these standards. For the first round of the grant program for food safety and quality standards, launched in April 2009, out of twenty eight approved grant awards fifteen grant recipients successfully completed the certification process during Year Three (i.e. six ISO 22000 certified, five GlobalGAP certified, one ISO 14001 certified and three obtained GlobalGAP and ISO 22000 or ISO 14001). In addition to this number, two grant recipients successfully completed consulting and preparation for the introduction of ISO 22000 and GlobalGAP and ISO 22000, but they needed additional time to complete certification.

2.4 Component 2: Improved Enabling Environment for Serbian Agribusiness

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

In Year Three, the Agribusiness Project, in cooperation with the Ministry of Agriculture continued with the implementation of the project for improving the agriculture market information system (STIPS) which was initiated during Year Two. This project consists of two components: 1) the Program “Market analysis, utilization of information from STIPS and basics of marketing” encompassing interactive seminars and workshops for farmers in the 18 reporting centers for the STIPS system (completed during the period May 2009 to February 2010), and 2) improvement of the software for the agriculture market information system. According to a web-based client satisfaction survey sent out by the Ministry of Agriculture, the average score for the system is 3.76, on a scale of 1 to 5. This is an improvement compared to the average score of 3.38 in Year Two.

Surveys of the Agribusiness Project focal sub-sectors include the following: 1) Study on the Impact of Tariff Liberalization on Agriculture of Serbia (SAA, WTO, FTAs with Turkey and Belarus), 2) Report on the Quality of Soil in Serbia, and 3) Vegetable Sector Analysis for Timok Region.

In Year Three, a total of 266 producers, firms and producer organizations were trained in the use of the market information system (STIPS), the basics of marketing, and market analysis. With 299 clients trained in the first two years of the Project, the Life of Project target of 225 trainees for this indicator has been well exceeded. Accordingly, the Project plans to significantly reduce its efforts associated with this activity.

The Environmental Protection Agency of Republic of Serbia, registered as a National Reference Center for Agriculture by the European Environment Agency has recently established an Environmental Information System to collect, assess and analyze environmentally-related data at national and regional levels. The Environmental Protection Agency has set a web-based client satisfaction survey, which has not been in use due to issues with spam. Nevertheless, the Agency is currently developing an improved system, which will assure timely and accurate collection of data pertaining to the clients’ satisfaction with the system.

Objective 2.2: Promote Legal, Policy and Regulatory Reform

The Agribusiness Project has continued efforts aimed at improving the enabling environment for agribusiness development in Serbia. The following seven strategy papers were prepared in Year Three, with Project assistance:

- 1) Guidebook on Integration of Serbia to the EU and CAP,
- 2) Proposal for Implementation of Risk Analysis and Management System,
- 3) Overview of the SAA and Interim Trade Agreement with the EU,
- 4) WHR Law-related Policy Documents (brochures: Licensed warehouses, Storage of Yields, Modern Financial Market, System of Public Warehouses),
- 5) Status of Accession of the Republic of Serbia to the World Trade Organization: Agricultural Issues,
- 6) Promotional Video: Business Potential in Serbian Agriculture, and
- 7) STIPS related policy documents (brochures: Information booklet on STIPS; Marketing and Promotion of Agricultural Products; and Agricultural Product's Market).

As for the policy reforms implemented in Year Three, the Project assisted with the *Introduction of IT technologies in Risk Analysis and Management System (facilitating implementation of the Food Safety Law)*.

2.5 Grants Program

A total of 95 grants, valued at \$1,198,752 (in USAID Funds) were approved in Year Three, with a significant matching contribution being provided by the grantees of \$956,004 (i.e. 44.37% of the total activity costs). These grant funds were used to support market-driven activities designed to increase the efficiency and competitiveness of Serbian agribusinesses by leveraging their investments in marketing and promotional activities, education, and the introduction of international food safety and quality standards. The grant funds were also used by qualified food industry business associations and ABDS providers to provide general benefit services to their members. Finally, the Agribusiness Project utilized the grant funds to promote and facilitate women's entrepreneurship in agribusiness, and to finance winning youth business plans, as well as Junior Achievement's entrepreneurship training in agricultural schools throughout Serbia. Based on the annual survey results, the grantees are very satisfied with the grants program; the overall satisfaction rate is 4.65 on a scale from 1-extremely dissatisfied to 5-extremely satisfied.

To date, the Agribusiness Project's Grants Review Committee has approved a total of 135 grant proposals, with total grant funding of \$1,783,337. These grants are in various stages of implementation, with sixty of them having been successfully completed so far. The current grant disbursement rate is 59.5% of the total obligated grant funds, and 35.4% of the total Project grant budget of \$3 million.

3. ANNUAL SURVEY – LESSONS LEARNED

- The process of data collection has been streamlined, but nevertheless the annual survey continues to be an extensive and time-consuming effort that requires significant involvement of the entire Project staff. Therefore, timely planning is the key for successful completion of the annual survey. Accordingly, all staff members should plan their activities around the survey as to avoid conflicts in their schedules and time constraints.
- As was the case in the past years, improvements in the quality of the data collected through the annual survey has been observed. Yet, there is still a need to provide continuous assistance to the clients in the process of filling out the questionnaires.
- The questionnaires specifically tailored for ABDS providers, producer organizations and agriculture-related firms have greatly facilitated data collection process with these clients.
- The role of producer organizations has been very important during this annual survey, and it will be increasingly important as the transfer of responsibilities for Project implementation continues and the key role of the producer organizations increases in this process.

Results vs Targets Tables

USAID Standard Indicators

Overarching Indicators

Objective 1.1: Strengthen Producer Organizations

Objective 1.2: Improve ABDS Service Delivery

Objective 1.3: Encourage Youth Involvement

Objective 1.4: Increase Value Chain Competitiveness

Objective 2.1: Improve Production Estimates & Market Information

Objective 2.2: Promote Legal, Policy & Regulatory Reform

**USAID Serbia Agribusiness Project
USAID Standard Indicators – Results vs Targets**

USAID Agribusiness Project- USAID Standard Indicators						
Performance Indicator	Methodology (data source)	Baseline	2008 RESULT	2009 RESULT	2009 TARGET	2012 TARGET
Percent change in value of international exports of targeted agricultural commodities as a result of USG assistance	Annual Client Impact Survey	Agricultural export of targeted agricultural commodities in 2008		75.99% (over previous year)	15% (over previous year)	15% (over previous year)
Number of producer organizations, water user associations, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	Project data input into TAMIS	N/A	25	39 (cumulative)	30 (cumulative)	50 (cumulative)
Number of agriculture-related firms benefiting directly from USG supported interventions	Project data input into TAMIS	N/A	70	135 (cumulative)	85 (cumulative)	150 (cumulative)

USAID Serbia Agribusiness Project Overarching Indicators – Results vs Targets

USAID Standard and Overarching Indicators								
Performance Indicator	Methodology (data source)	Baseline	2008 RESULT	2009 RESULT	2010 RESULT	2010 TARGET	2011 TARGET	2012 TARGET
USAID Standard Indicators								
Percent change in value of international exports of targeted agricultural commodities as a result of USG assistance	Annual Client Impact Survey	In 2008, a total 15 agribusinesses reported the export of the targeted commodities in the amount of \$3,914,809; this amount has been taken as a baseline for 2009		75.99% (over previous year)	*11.16%	15% (over previous year)	15% (over previous year)	15% (over previous year)
Number of producer organizations, water user associations, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	Project data input into TAMIS	N/A	15	39	48	40	45	50
Number of agriculture-related firms benefiting directly from USG supported interventions	Project data input into TAMIS	N/A	30	135	139	100	125	150
Overarching Project Level Indicators								
Percent change in agricultural GDP	National statistics	2007 Ag GDP: \$4.25 B	0.5% (over baseline)	**Results will be available in December '10	**Result will be available in December '11	3% (over baseline)	6% (over baseline)	10% (over baseline)
Percent change in the value of agricultural exports	National statistics	2007 Ag Exports: \$1.69 B	2% (over baseline)	**Results will be available in December '10	**Result will be available in December '11	7.5% (over baseline)	12% (over baseline)	16% (over baseline)
Actual increase in employment in agricultural processing and services	Annual Client Impact Survey	0	200 persons	4,010 (cumulative)	5,018 (cumulative)	3,000 persons	6,000 persons (cumulative)	10,000 persons (cumulative)
Dollar value change in agricultural product sales of USAID Agribusiness Project beneficiaries	Annual Client Impact Survey	0	\$3 M in Year 1	\$33,913,483 in Year 2	\$34,264,047 in 2010 or \$72.96 million (cumulative)	\$12 million in 2010 or \$22 million (cumulative)	\$38 million in 2011 or \$60 million (cumulative)	\$30 million in 2012 or \$90 million (cumulative)

*According to the survey results, the Project-assisted agribusinesses reported 11.16% increase over previous year (2009 results) of international exports of targeted agricultural commodities. Out of 82 surveyed agribusinesses in 2010, a total of 55 reported international exports of the targeted commodities totaling \$24,507,592 versus \$22,047,559 reported by 48 companies in 2009. However, these results are slightly below the target of 15%, primarily due to the financial crises and other economic parameters that were not favorable for Serbian agribusinesses as it was in 2009.

**Actual results for agricultural GDP and the value of agriculture exports for 2009 and 2010 will be provided in December 2010 and December 2011 respectively whereas National Bureau for Statistics publishes these data annually and one year after the end of calendar year (Serbian Fiscal Year).

USAID Serbia Agribusiness Project
Objective 1.1: Strengthen Producer Organizations – Results vs Targets

Objective 1.1: Strengthen Producer Organizations								
Performance Indicator	Methodology (data source)	Baseline	2008 RESULT	2009 RESULT	2010 RESULT	2010 TARGET	2011 TARGET	2012 TARGET
Number of producer organizations assisted as part of the USAID Agribusiness Project	Project data input into TAMIS	N/A	25	39 (cumulative)	48	40	45 (cumulative)	50 (cumulative)
Number of new members joining USAID Agribusiness Project-assisted producer organizations	Project data input into TAMIS	N/A	317	492 (cumulative)	540 (cumulative)	3,000 total new members	5,000 total new members	6,000 total new members
Total dollar value of member sales through USAID Agribusiness Project-assisted producer organizations	Annual Client Impact Survey	N/A	\$1,055,064	\$1,122,748	\$15,294,128	\$2M sales in Year 2	\$5M sales in Year 2	\$10M sales in Year 2
Average score of assisted producer organizations on the Organizational Capacity Assessment Tool	Annual Client Impact Survey	Results of the assessment conducted in December 2008 are used as a baseline		2.42 (baseline)	3.21	3.00	3.00	4.00

**USAID Serbia Agribusiness Project
Objective 1.2: Improve ABDS Service Delivery – Results vs Targets**

Objective 1.2: Improve ABDS Delivery								
Performance Indicator	Methodology (data source)	Baseline	2008 RESULT	2009 RESULT	2010 RESULT	2010 TARGET	2011 TARGET	2012 TARGET
Number of Agribusiness Development Service (ABDS) firms benefiting directly from USAID Agribusiness Project	Project data input into TAMIS	N/A	8	39 (cumulative)	59 (cumulative)	60 (cumulative)	80 (cumulative)	100 (cumulative)
Number of new ABDS started with assistance of USAID Agribusiness Project	Project data input into TAMIS	N/A	0	0	0	0	3 (cumulative)	25 (cumulative)
Total dollar value of new revenues generated from ABDS providers as a result of USAID Agribusiness Project	Annual Client Impact Survey	N/A	\$20,000	\$445,682	\$504,400	\$200,000 in annual revenues	\$350,000 in annual revenues	\$600,000 in annual revenues
Client satisfaction rating by firms of the availability and quality of agribusiness development services by region	Annual Client Impact Survey	N/A	5	4.16	4.24	4.00	4.00	4.00
Number of producers/processors who have received credit as a result of USAID Agribusiness Project	Annual Client Impact Survey	N/A	3	5 (cumulative)	8 (cumulative)	80 (cumulative)	120 (cumulative)	180 (cumulative)
Total dollar value of credits received by producers/processors as a result of USAID Agribusiness Project	Annual Client Impact Survey	N/A	\$2.5 M	\$1,025,000	\$160,870	240000 in Year 3	\$320,000 in Year 4	\$320,000 in Year 5

**USAID Serbia Agribusiness Project
Objective 1.3: Encourage Youth Involvement – Results vs Targets**

Objective 1.3: Encourage Youth Involvement in Agribusiness through the Youth Enterprise Program								
Performance Indicator	Methodology (data source)	Baseline	2008 RESULT	2009 RESULT	2010 RESULT	2010 TARGET	2011 TARGET	2012 TARGET
Number of Youth Business Plan Competition winners	Project data input into TAMIS	N/A	0	7	9	15 per annum	15 per annum	45 (cumulative)
Number of youth-led businesses participating in USAID Agribusiness Project-funded activities	Project data input into TAMIS	N/A	5	7	9	30 per annum	30 per annum	110 (cumulative)
Number of youth-led successful/operational businesses initiated thanks to USAID Agribusiness Project	Project data input into TAMIS	N/A	0	4 (cumulative)	16 (cumulative)	37 (cumulative)	52 (cumulative)	57 (cumulative)

**USAID Serbia Agribusiness Project
Objective 1.4: Increase Value Chain Competitiveness – Results vs Targets**

Objective 1.4: Increase Value-Chain and/or Cluster Competitiveness								
Performance Indicator	Methodology (data source)	Baseline	2008 RESULT	2009 RESULT	2010 RESULT	2010 TARGET	2009 TARGET	2012 TARGET
Number of farmers and firms accessing new technologies with the support of USAID Agribusiness Project	Annual Client Impact Survey	N/A	0	23	36 (cumulative)	500 (cumulative)	750 (cumulative)	1,000 (cumulative)
Number of international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, Organic, etc.) introduced to and/or adopted by agribusinesses thanks to USAID Agribusiness Project	Project data input into TAMIS	Results of the activities conducted in 2008 will be used as a baseline	5	28	50	N/A	N/A	100 (cumulative)

**USAID Serbia Agribusiness Project
Objective 2.1: Improve Production Estimates & Market Information
Results vs Targets**

Objective 2.1: Improve Crop and Livestock Production Estimates and Market Price and Environment Information								
Performance Indicator	Methodology (data source)	Baseline	2008 RESULT	2009 RESULT	2010 RESULT	2010 TARGET	2011 TARGET	2012 TARGET
Reliable crop/livestock production and market price information system operating within the Ministry of Agriculture	Annual or semi-annual survey on client satisfaction	2007 System Reports	2.57	3.38	3.76	3	3	4
Targeted agricultural surveys implemented with the project support (per annum) in order to generate additional data on specific sectors or specific agricultural issues (e.g. costs and generated income per various households)	Project data input into TAMIS/Data from partner organizations	N/A	6	3	3	2 per annum	2 per annum	1 per annum
Number of producers and firms trained in the use of market information & production data	Project data input into TAMIS	N/A	0	299	565 (cumulative)	150 (cumulative)	200 (cumulative)	225 (cumulative)
Introduction of an operational Environmental Information System (EIS)	Annual or semi-annual survey on client satisfaction	No system in place	Survey to be conducted upon introduction of the system			N/A	N/A	TBD

USAID Serbia Agribusiness Project
Objective 2.2: Promote Legal, Policy & Regulatory Reform
Results vs Targets

Objective 2.2: Promote Legal, Policy and Regulatory Reform								
Performance Indicator	Methodology (data source)	Baseline	2008 RESULT	2009 RESULT	2010 RESULT	2010 TARGET	2011 TARGET	2012 TARGET
Number of strategy papers prepared on policy related issues as a result of USAID Agribusiness Project activities	Project data input into TAMIS and data from partner organizations	N/A	3	11 (cumulative)	18 (cumulative)	9 (cumulative)	11 (cumulative)	12 (cumulative)
Number of policy reforms implemented as a result of USAID Agribusiness Project	Official Gazette of the RS (Serbian trade magazines and newspapers, GOS & Ministry data)	N/A	1	3	5 (cumulative)	1 per annum	1 per annum	5 (cumulative)



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**USAID Serbia
Agribusiness
Project**



USAID Serbia Agribusiness Project

Annual Report – Project Year Three

October 1, 2009 – September 30, 2010

Annex II – Project Success Stories

1. Tea Festival has Commercial Success
Nis Tea Festival – Mushroom & Herb Sector
2. Nis Dairy Launches “Robi” Milk for Kids
Nis Dairy – Dairy Sector
3. Sunsocret Wins UK Organic Award
Sunsocrek – Marketing & Sales
4. Igda Impex Penetrates US Market
Igda Impex - Mushroom & Herb Sector
5. Kuc Retail Shops Insure Cash Flow
Kuc Dairy – Dairy Sector
6. Serbia Exports its first Blueberries
Serbian Blueberry Association - Berry Fruit Sector
7. Macval Domestic Sales Grow by 40%
Macval Tea – Mushroom & Herb Sector
8. MIHAS Fair Opens the Halal Market
Serbian Halal Agency – Producer Organizations
9. Culinaria is a Success for Exhibitors
Culinaria Food Show - ABDS & Finance/Marketing & Sales



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SUCCESS STORY

Tea Festival has Commercial Success

The National Tea Festival provided tea & herb firms a chance to network and sign contracts for new sales.



Photo: Agribusiness Project staff

The 7th National Tea Festival brought together producers, buyers, traders, and the general public for an event that had an important impact on the tea & herb industry in Serbia. Significant new sales were recorded, and the public was able to learn about income opportunities from collecting wild forest products.

The USAID Agribusiness Project provided the organizers of the festival with a small grant to insure the success of the event. As a continuation of support for this industry, the Project will also assist with the Belgrade Tea Festival, to be held in September 2010.

The 7th National Tea Festival, which took place from the 10th to the 14th of March at the Army Club in Nis, attracted the participation of more than 6,000 visitors. A total of 22 exhibitors and two associations, from Serbia, Macedonia, Slovenia and Bosnia & Herzegovina, presented their products at the festival. Herbal teas, spices, and honey & honey products, which visitors gladly sampled, were on display and for sale at the festival.

This year's festival, the largest so far, was organized by the Serbian associations "Dr. Jovan Tucakov", and "Film Publik Art" with support from the USAID Serbia Agribusiness Project. The main goals of the Festival were to enhance the quality of local production, increase exports of processed herbs & teas, improve the business environment for herb collectors and processors, and promote employment opportunities for rural residents who can become engaged in cultivation and harvesting. During the festival, exhibitors contracted for sales worth \$100,000, and visitors bought another \$30,000 of product.

Several workshops were held during the festival to inform exhibitors and visitors on issues related to the collection, cultivation and processing of medicinal & aromatic plants. Besides the general public and company representatives, a number of schools organized group visits for students. With Agribusiness Project support, an electronic Herbarium of more than 170 plant species was also on display for exhibitors and visitors to see.

Serbian companies – buyers of medicinal & aromatic plants – held a working meeting and discussed problems related to the pricing and purchase of herbs, the education and certification of herb collectors, the acute problem of herb exports, and how to regain Serbia's position among the largest exporters in the region. As a result of this meeting, a leading Serbian buyer of medicinal & aromatic plants, the Macval Company, contracted for the sale of raw materials with a total value of \$50,000.

Given that the 7th Tea Festival had a record number of visitors and exhibitors this year, it represents an important event that connects all stakeholders in the sector and contributes to the further development of the growing Serbian Medicinal and Aromatic Plants (MAP) Industry.



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SUCCESS STORY

Nis Dairy Launches “Robi” Milk for Kids

The Robi Milk product, from Nis Dairy, is aimed at school children, to get them to drink more milk.



Photo: Nis Dairy “Robi” web site

The Robi Milk product was launched with an extensive national marketing campaign which also included a dedicated web site for the new product. Packages of the milk use the “Robi” characters, and are also sold with a CD containing educational computer games for children.

The USAID Agribusiness Project provided partial support to Nis Dairy to help them develop this promotional campaign. The campaign has been very successful, and it has given Robi Milk a good start in the market.

Nis Dairy, a former state-owned dairy plant which was established in 1957 with UNICEF assistance, suffered from a failed privatization effort in the late 1990s. During the state ownership period it was well positioned regionally and nationally, but after the privatization it went into decline and lost market share, and its products were only randomly present on the marketplace in southern Serbia. Nis Dairy changed its ownership structure in 2007, and the new owners implemented a new development strategy for the company to regain their market position. Since then, the dairy has regained market share, and has become a well known and respected dairy company in central Serbia.

The development of the “Robi” brand of UHT, vitamin enriched, milk aimed at school children, has been a vital element of the Nis Dairy strategy to re-establish its presence on the national market, and to expand its market share. The “Robi” milk product itself is a unique effort, differentiating the Nis Dairy from competitors and giving it exposure to new buyers.

The USAID Agribusiness Project assisted Nis Dairy in their efforts to develop the marketing campaign for this new product. Via the Project’s marketing grant program, Nis received a small grant providing partial support for the cost of developing this program. The Project also supported the dairy to select a professional agency, and to develop the marketing strategy and visual identity for the new product. By late autumn 2009, Nis Dairy had released the new “Robi” product, being promoted by a stylish robot cow which was inviting the youngest consumers to enjoy the health benefits of this new milk product.

Since the launch of the product, Nis Dairy has continued to expand its promotional activities for Robi milk, through a dedicated web portal (see the image at the left) and through the distribution of educational computer games. Within three months of product introduction, Robi milk product sales had reached more than \$100,000, establishing a firm foundation for continued growth in their market penetration. More importantly, this regional dairy has now achieved national recognition in Serbia, with the “Robi” brand of milk now being available in all of the major supermarket chains in the country.



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SUCCESS STORY

Suncokret Wins UK Organic Award

Suncokret Walnut Butter has received recognition in the UK as a high quality organic food product.



Photo: Agribusiness Project staff

Suncokret (www.suncokret.rs) now sells its' Raw Walnut Butter, and other products, in supermarket chains in the UK and other European countries, and their full line of Serbian organic products is available on their web site.

The USAID Agribusiness Project helped Suncokret to get a foothold in the EU market, and they are continuing to expand their sales & distribution there. Assistance will continue on branding, package design, and web site development.

Ivan Percic, owner of the Health Food company "Suncokret", from the village of Hajdukovo in northern Serbia, adopted a vegetarian diet back in 1976. Ivan has maintained this regime ever since, and his long-term dedication to a healthy lifestyle has set the course for his business. In 1989, realizing that cold pressed oils, which are a key ingredient of a healthy diet, could not be found on the home market he decided to establish a company to produce cold pressed oils in Serbia. Suncokret purchased a hundred year old press and began to produce pumpkin, sunflower, and sesame oils in the traditional way, which preserves all of the seed's nutrients.

As awareness of the environment and the benefits of organic food grew stronger, the demand for organic products has increased, especially in Western Europe. Realizing the potential of this market, and knowing that his products were of the highest quality, Ivan focused on exports. Despite his determination, it was not an easy plan to carry out, since Serbia did not have a law on organic certification at the time, which significantly limited the potential for the export of "organic" foods.

However, Suncokret managed to get a certificate of origin and quality for its products, and Ivan started researching foreign markets in order to identify opportunities and find buyers. In 2007, with support from the USAID Agribusiness Project, he participated in a series of seminars on international fairs, and he refined his marketing skills. With Project assistance "Suncokret" exhibited their products at the "BioFach" fair in Germany, and they went on to exhibit at other international trade fairs, such as "Fancy Food" in New York, and "Slow Food" in Turin. These years of dedication and hard work finally paid off, and now "Suncokret" products are on supermarket shelves in the UK, Germany, France, Belgium, Hungary and Croatia.

Their greatest achievement though is the 2009 Organic Food award which Suncokret received from the UK Soil Association. Their Raw Walnut Butter was selected from among more than 600 entries in the competition, and it received the award in the "Store Cupboard Staples" category. The judges were quoted as saying; "Good quality fresh nuts, simplicity in a bottle. Finger licking good." The Agribusiness Project is continuing to provide assistance to Suncokret, with assistance in branding, package design & development, and web site design.



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SUCCESS STORY

IGDA Impex Penetrates US Market

IGDA has successfully built a market presence in the USA, via their American distributor – Vivido Natural.



Photo: Amazon.com web site

A major success for IGDA has been the placement of their mushroom products on the Amazon.com web site (see screen shot of the IGDA products, above). When added to the distribution of their products via selected supermarket chains, these channels have given IGDA a significant new market for their products.

The USAID Agribusiness Project has helped IGDA, and other wild mushroom companies, to expand their markets and capture more of the value added in the mushroom business. The project will continue assisting these companies to further expand their international market penetration.

IGDA Impex, a woman owned and managed Serbian private company, was founded in 1990. IGDA is now one of the leading processors and exporters of Serbian wild mushrooms and truffles, and they currently supply customers in many EU countries and in the USA as well. Wild Forest Mushrooms are a traditional delicacy in Serbia, but in the past the real value of these products was being captured by re-packers in Italy. Exported in bulk from Serbia, Italian packers would brand the mushrooms as “Product of Italy”, and then sell them locally, and as exports, at many times the original purchase price.

The USAID Agribusiness Project assists Serbian wild mushroom processors to learn more about international markets, and to develop direct contacts with buyers in Europe and the U.S. Training and technical assistance in standards, packaging, marketing, and market linkages, have been an essential part of the assistance these Serbian mushroom companies have received to help them venture past their historical trading partners, and to capture more of the value for Serbia.

Wild forest mushrooms are one of the best examples of a product from Southern Serbia where Agribusiness Project assistance has been far reaching, and it has had a significant impact on the firms and the rural areas where collection takes place. An important element of this sector is the fact that wild mushroom collection is one of only a few sources of income available to many rural residents. IGDA, and other wild mushroom companies in Serbia, contract with thousands of rural residents for the collection of mushrooms, and they inject substantial sums of money into the surrounding economies.

IGDA has been one of the forerunners of Serbia’s success in “bringing home the value” in the wild mushroom sector. IGDA has received significant assistance from the project, including participation at a number of international trade fairs, but perhaps the most important is their participation at the Fancy Food trade show in New York in 2008 and 2009. This show opened up the American market for IGDA, and through their US distributor, IGDA products are now available on Amazon.com, and at the Whole Foods, and Hannaford’s supermarkets.



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SUCCESS STORY

Kuc Retail Shops Insure Cash-Flow

The new Kuc Dairy retail shops have proven critical to insuring that the dairy has an adequate cash flow.



Photo: Kuc Dairy

Kuc Dairy (www.kuccompany.co.rs) now has a new and growing retail network which is used to sell their specialty dairy products, and to insure a steady cash-flow for their business operations.

The USAID Agribusiness Project provided Kuc Dairy with partial funding, through a grant program, so they could establish the new retail network and establish an attractive and modern visual identity for their retail stores.

Mr. Jezdimir Kuc, the owner and manager of Kuc Dairy, is a true entrepreneur. He owns a medium sized dairy in Kragujevac in Central Serbia, and he is working hard to maintain the business and be socially responsible during the global financial crisis. With help from the USAID Serbia Agribusiness Project, Jezdimir has managed to overcome the problem of delinquent payments by the supermarket chains, and he has developed a specialized retail network called "Livade". The Kuc Dairy has opened 11 specialty dairy retail shops, which now employ 22 people. In addition, as a result of the increased demand for their products, Kuc Dairy has added another 10 employees on their farm and in their dairy operations.

"We were challenged by the global financial crisis to find a way to maintain our cash flow, and opening our own retail network looked to be a good alternative. It wasn't an easy decision, since we have current investments and outstanding loans".

Kuc Dairy is one of a number of small and medium scale dairy plants that receive assistance from the Agribusiness Project to increase their competitiveness. Located in Central Serbia, Kuc Dairy has a strong reputation among local consumers. In the recent past they invested in developing new product lines, and in ensuring a quality milk supply from their own farm. They also extended distribution to the national market, where Kuc Dairy specialty products became popular. However, the global financial crisis has affected Serbia, and as a result they were suffering from delayed payments from retailers, and poor cash-flow. Instead of growing, the company began stagnating.

Kuc Dairy had to take some serious decisions to change course and stop the decline in their business. In cooperation with the USAID Agribusiness Project, they picked a professional marketing agency, which developed their new visual identity and brand name for their retail stores. "When we started the process, we planned to open a limited number of stores. Now with promising sales, and an everyday cash flow, we are ready for expansion. Kuc Dairy has now opened 11 stores, and added 32 new employees, but that is not the end. We plan to expand our network to all the major cities in Serbia."



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SUCCESS STORY

Serbia Exports its first Blueberries

The newly established blueberry association has completed the first exports of blueberries to the EU.



Photo: Agribusiness Project

The image above shows boxes of Serbian blueberries being packed for export. These berries will be shipped to new customers in Austria and Russia, and future shipments will be sent to Germany. This is a remarkable development for Serbia, which is a new entrant in the international market for blueberries.

The National Association of Serbian Blueberries, which was established in late 2009 by the main blueberry producers, has already managed to organize exports of Serbian blueberries to the EU. So far in 2010 the association has managed to export more than 30 tons of fresh blueberries, with a total value of \$195,000. Additional exports will be completed over the balance of the 2010 harvest season.

USAID funded projects in Serbia first began supporting the establishment of blueberry production back in 2006. Prior to that, there was no commercial blueberry production, and most Serbs confused blueberries with bilberries. When USAID launched the Agribusiness Project in late 2008, the berry sector was chosen as one of the focus areas, and this new project picked up where previous projects had left off and continued to provide assistance for the newly emerging blueberry industry. Initial assistance focused on technical issues, but as production grew, the focus has shifted to marketing & producer organizations.

Towards the end of 2009, as the blueberry growers realized they needed an organization to represent their interests, and to gather enough blueberries to justify international sales, the largest blueberry growers came together and formed the National Association of Serbian Blueberries (NASB) with support from the Agribusiness Project. The members of the association control about 45 ha of production, which makes up 60% of total production in Serbia. As marketing of their berries was the main challenge facing the growers in late 2009, the association addressed that issue immediately.

Working through one of the largest members of the association – Agros Trade – the association has been able to enter into sales agreements with buyers from Austria and Russia, and they have already shipped more than 30 tons of fresh blueberries to these customers. The value of these sales is more than \$195,000 to date, and additional sales are in the pipeline. The NASB also hosted some German buyers who were on a visit to Serbia earlier this year, and it is expected that the NASB will conclude sales to Germany this year as well.

In addition to the marketing efforts, the NASB will be assisting members to achieve international certification. The association, via member Agro KMK, will receive GlobalGAP certification this year, which will further enhance the ability of the association to market and sell blueberries. Beyond this, the association is also planning a national promotional campaign to educate Serbian consumers to the nutritional value of blueberries.



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SUCCESS STORY

Macval Domestic Sales Grow by 40%

With Agribusiness Project assistance, Macval has successfully introduced teas as a new product.



Photo: Macval Tea

The image above shows the packaging for one of Macval's new tea products – the Body Balance herbal tea. This new product has been introduced on the Serbian market and has proven to be very successful. Macval Tea developed the packaging for this product with Agribusiness Project grant assistance.

With Serbia Agribusiness Project assistance, the new Macval Tea company has successfully launched a line of tea and herb products which resulted in additional sales of \$210,000 in 2009 for the Macval Group. Sales continued to grow in 2010, as Macval began exporting these tea & herb products to other ex-Yugoslav republics.

The Macval Company is a small family owned firm located near the village of Coka, in northern Serbia. The company was founded in 1991 by Lazar and Mirko Oluski, a father and son team. The company has 800 ha of land for production, and it currently produces more than 800 tons of dried herbs a year, mostly for export. Their main customer is the Martin Bauer Company from Germany, which buys a wide variety of semi-processed medicinal and aromatic herbs. Macval also exports to Italy, the USA and Canada, and, with Agribusiness Project assistance, they have begun exporting to Switzerland.

In order to grow their business, Lazar and Mirko decided that Macval needed to introduce some new products for the domestic market. Since they were in the aromatic herb industry, the logical product extension for them was to introduce teas and other dried herb products. Macval developed a new line of teas and other products, and a new company – Macval Tea – was formed to handle the production and sales of these products. In order to insure the success of these products Macval Tea also needed a new identity for this company, along with the associated branding, packaging and labeling designs.

This is where the Agribusiness Project has played a key role in assisting Macval Tea to successfully launch these new products. The Project provided Macval Tea with a small matching grant, which allowed the company to hire a local marketing company to help them with the development of a new logo for the company, along with product names, a brand identity, packaging & labeling, a web site, and a complete marketing strategy for the tea and herb products.

Since the launch of these new products in late 2009 Macval has increased its domestic sales by 40% over the sales recorded in 2008. The sales of these new tea products were \$210,000 last year, providing a firm foundation for the future growth of Macval Tea. In 2010 Macval Tea also started to export these products to the ex-Yugoslav republics, expanding the growth of sales. The tea and herb product line has also led Macval Tea to add ten full-time employees to their business.



USAID | SERBIA

FROM THE AMERICAN PEOPLE

SUCCESS STORY

MIHAS Fair Opens the Halal Market

The Halal Agency of Serbia, with Project assistance, organized a Serbian food display at MIHAS 2010.



Photo: Agribusiness Project

The image above shows the delegation that travelled to Malaysia to participate in the MIHAS trade show. This includes Halal Agency of Serbia staff, representatives from the participating firms, and Agribusiness Project employees. The companies displayed their products under the banner of "Halal Serbia".

The Halal Agency of Serbia has assisted Serbian food processing companies to penetrate the Asian halal market with Agribusiness Project assistance. The companies at the MIHAS show signed contracts worth \$70,000, and are negotiating an additional \$1.1M of potential future sales to Asian customers. These firms believe that the Asian halal market has great potential for Serbian halal food producers.

The international Halal market amounted to more than \$600M in 2009, with two thirds of that being in Asia. In order to assist Serbian firms to capture some of this market, the Agribusiness Project has been providing assistance to selected firms that produce halal foods, and preparing them to present their products to enter these markets. The Project brought an international halal marketing consultant to Serbia to advise client firms, and the Halal Agency of Serbia, on market prospects, and it provided a grant to the agency to support their participation at the MIHAS Trade Show in Malaysia, in June 2010.

The grant provided to the Halal Agency of Serbia enabled them to facilitate the entry of selected Serbian firms into the Asian halal market. This activity was a first for Serbia, as there has never before been a Serbian Halal display at this show, which is the largest halal show in the world. Prior to the show, the Project assisted the agency to select appropriate firms, and the halal consultant and Project staff provided training to the firms to prepare them for the show. Representatives from the Malaysian Embassy in Belgrade also assisted, and the Halal Agency of Serbia prepared a catalog of the companies displaying at the show, that was handed out to visitors to the booth.

The companies that participated in the show were very satisfied with the results, which are very respectable given that Serbian halal food products are virtually unknown in the Asian region. The companies reported that they have signed contracts for the supply of \$70,000 worth of halal products with new customers, and they are negotiating the supply of an additional \$1.1M of future sales. The companies also reported that they now have more confidence in their ability to sell into the Asian market, based on their reception at the show and their impressions of Serbian products relative to the other products on display.

The CEO of the Halal Agency of Serbia also had a chance to meet the Prime Minister of Malaysia, who visited the Serbian booth, and they discussed potential future cooperation and collaboration between Malaysia and Serbia.



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FROM THE AMERICAN PEOPLE

SUCCESS STORY

Culinaria is a Success for Exhibitors

Culinaria is the first fine food trade show in Serbia and it is now an essential tool to promote exports.



Photo: Agribusiness Project staff

The American Ambassador to Serbia (center) cuts the ribbon to open the first Culinaria Food Show, with the Minister of Agriculture (right) and the German Ambassador to Serbia (left). The opening event for Culinaria was very well covered by local news media, with at least 10 TV cameras lined up to record the event.

The USAID Agribusiness Project played a key role in the organization and implementation of the first Culinaria trade show. Project staff identified a key partner (BelExpo) and worked with them closely to insure the success of the event. Culinaria is now well established for the future as the premier fine food show in the Balkans.

The Agribusiness Project has sent many Serbian companies to international trade shows in Europe and elsewhere, with great success. While the companies that participated were able to sell their products, and make new international market contacts, the number of companies that could participate was limited by the funding available from the program. Project staff came to realize that if an international food show could be organized in Belgrade, many more local food companies could participate, and expand their access to international markets.

Agribusiness staff worked with a consultant from the organizers of the Fancy Food Shows in the US (the NASFT) and developed a concept for a similar show to be held in Belgrade. A search was undertaken to identify a local partner, with the resources and ability to organize such a show and eventually take ownership of the event and give it long-term sustainability. As a result of this effort the Project identified BelExpo as the best local partner for the implementation of this food show.

Over the course of late 2009, and the first half of 2010, Project staff worked closely with BelExpo to organize the show, identify the buyers who would come to meet exhibitors, and to convince enough local companies to display their products. A key element of the process was developing a name for the show, and after a number of false starts the Project and BelExpo settled on the name "Culinaria". Dates were set for the show, PR materials were developed, and the Project undertook a concerted networking & publicity campaign to make the public, and in particular Serbian food companies, aware of the event.

As a result, the hard work by the Project and BelExpo has paid off handsomely. Nearly 80 companies, including a number of companies from regional and EU countries, exhibited their products at the show. More than 100 buyers, from Serbia and many European and North American companies, came for the show as well. The show was organized with a "buyer's only" first day, to give buyers and exhibitors a good chance to interact and negotiate sales agreements. Exhibitors have reported that they are negotiating \$2.3M of potential sales. The event also provided massive good press for the Agribusiness Project and the USAID program in Serbia, with nearly 100 individual press reports being reported from around the country. The Culinaria show is now well established, and most of the exhibitors are looking forward to Culinaria 2011!



**USAID Serbia
Agribusiness
Project**



USAID Serbia Agribusiness Project

Annual Report – Project Year Three

October 1, 2009 – September 30, 2010

Annex III – Project Accrual Report



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**USAID Serbia
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Project**



USAID Serbia Agribusiness Project

Annual Report – Project Year Three

October 1, 2009 – September 30, 2010

Annex IV – Project Weekly Reports

Year Three - Quarter One	
Week of:	Oct 05, 2009
Week of:	Oct 12, 2009
Week of:	Oct 19, 2009
Week of:	Oct 26, 2009
Week of:	Nov 02, 2009
Week of:	Nov 09, 2009
Week of:	Nov 16, 2009
Week of:	Nov 23, 2009
Week of:	Nov 30, 2009
Week of:	Dec 07, 2009
Week of:	Dec 14, 2009
Week of:	Dec 21, 2009
Week of:	Dec 28, 2009

Year Three - Quarter Two	
Week of:	Jan 04, 2010
Week of:	Jan 11, 2010
Week of:	Jan 18, 2010
Week of:	Jan 25, 2010
Week of:	Feb 01, 2010
Week of:	Feb 08, 2010
Week of:	Feb 15, 2010
Week of:	Feb 22, 2010
Week of:	Mar 01, 2010
Week of:	Mar 08, 2010
Week of:	Mar 15, 2010
Week of:	Mar 22, 2010
Week of:	Mar 29, 2010

Year Three - Quarter Three	
Week of:	Apr 05, 2010
Week of:	Apr 12, 2010
Week of:	Apr 19, 2010
Week of:	Apr 26, 2010
Week of:	May 03, 2010
Week of:	May 10, 2010
Week of:	May 17, 2010
Week of:	May 24, 2010
Week of:	May 31, 2010
Week of:	Jun 07, 2010
Week of:	Jun 14, 2010
Week of:	Jun 21, 2010
Week of:	Jun 28, 2010

Year Three - Quarter Four	
Week of:	Jul 05, 2010
Week of:	Jul 12, 2010
Week of:	Jul 19, 2010
Week of:	Jul 26, 2010
Week of:	Aug 02, 2010
Week of:	Aug 09, 2010
Week of:	Aug 16, 2010
Week of:	Aug 23, 2010
Week of:	Aug 30, 2010
Week of:	Sep 06, 2010
Week of:	Sep 13, 2010
Week of:	Sep 20, 2010
Week of:	Sep 27, 2010



USAID Serbia Agribusiness Project – Weekly Report

Week of October 5th, 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 12th to October 16th, 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 7th 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 12th, 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 19th, 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 26th, 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 30th, 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 28th, 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
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USAID Serbia Agribusiness Project

USAID Serbia Agribusiness Project – Weekly Report

Week of November 2nd, 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 Begeg, 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.



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 9th, 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 11th. 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 16th, 2009

CTO: Djordje Boljanovic

POLICY/AG INFO: The Agribusiness Project, in cooperation with the service provider AGROMREZA and the Ministry of Agriculture, conducted the 14th 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 20th and 21st, 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 14th and 18th. 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 5th 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 Kursunlija 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 16th 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 23rd, 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 7th, 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.



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USAID Serbia Agribusiness Project

USAID Serbia Agribusiness Project – Weekly Report

Week of November 30th, 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 8th in Uzice and Valjevo at the respective Regional Chambers of Commerce, and in Belgrade on December 9th 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 7th.

USAID Serbia Agribusiness Project – Weekly Report

Week of December 7th, 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 15th 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 14th, 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 21st, 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.



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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.

USAID Serbia Agribusiness Project – Weekly Report

Week of January 4, 2010
COTR: Djordje Boljanovic

BERRIES/HERBS: At the end of December the Project assisted in the establishment of two new national associations, one for herb processors and exporters (Serbian Flora), and one for the blueberry industry (Serbian Blueberry). Key companies in the herb sector, representing more than 60% of the Serbian market, are the founding members of the herb association. In the blueberry sector 20 companies are the founding members, representing producers, input suppliers, and ABDS providers. The Project provided consulting services to these companies understand the new Law on Associations, to develop the association's internal rules & regulations, and to assist them with registration and other legal issues. The associations will address policy & regulatory issues, facilitate information exchanges, and organize participation in international trade shows. As a next step, the Project will assist these associations to become true national representatives of their industries. The picture at right shows the blueberry group voting on an issue related to the formation of the association.



Other Project Activities:

- **Grants Program/M&E:** The Project's first quarterly results survey for Project Year Three has been completed, and a total of 42 agribusiness firms from five sub-sectors participated in the survey. The survey has shown that these firms reported delivered sales of \$5.7 million this quarter, based on a total of \$9 million in signed contracts. These firms also reported an additional \$8.2 million of potential sales contracts still under negotiation. A total of 66 agribusinesses received Project assistance during the past quarter, while Project-funded workshops and training programs recorded a total of 279 attendees.
- **Tree Fruit/Grants:** Four companies from the Tree Fruit Sector, which all have Grant agreements as part of the program to support the introduction of international standards, have received their final international standard certificates. Copies of the certificates, with other necessary documentation, were delivered to the Project with the grantee's requests for final reimbursement by December 31st. These companies, which have introduced GlobalGAP and/or ISO 22000 into their production and storage processes, have delivered fresh apples and frozen tree fruits worth more than \$840,000 with these certifications to date. These companies expect these certificates will give them a significant advantage during their current, and up-coming, negotiations with buyers from the EU and Russia.
- **Dairy/Grants:** The Nis Dairy has reported a total of \$128,000 in new sales revenue as a result of Project support for their introduction of new milk brand named "Robi". Robi is new fluid milk brand that is targeted at children, to encourage them to drink more milk. This marketing campaign has been developed with support from a Project grant for marketing and packaging development.
- **Policy/Ag Info:** The Project's Senior Policy Advisor participated in the presentation of the pilot project: "Enhancing the Profitability of Agricultural Production Through the Improvement of Market Information Systems and the Establishment of Local Agricultural Producer Groups" which was organized by the Ministry of Agriculture. This meeting was held at the Japan International Cooperation Agency (JICA) Balkan Office, in Belgrade. Experts from the Serbian Ministry of Agriculture participated in a one-month training course on how the profitability of agricultural production has been enhanced in Japan. The pilot program is an attempt to transfer the knowledge obtained in the course to Serbian farmers.
- **Dairy/Environment:** The Agribusiness Project will assist GHD Inc. (a private firm from Wisconsin specializing in waste management technologies) to develop a detailed feasibility study for the application of their technology to the dairy farm owned by Lazar Dairy in Blace, Serbia. The feasibility study will assess the applicability of GHD technology to Serbian dairy farms in general, and at the Lazar dairy farm in particular. The Project has engaged a local consultant, Ms Danijela Ilic, who will collect and analyze relevant information and data on the farm, and other waste sources, and assist with the study.



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USAID Serbia Agribusiness Project

USAID Serbia Agribusiness Project – Weekly Report

Week of January 11, 2010

COTR: Djordje Boljanovic

MARKETING & SALES/GRANTS: Project staff met with the acting Malaysian Ambassador, Mr. Amizalto, to discuss collaboration with the Embassy, and other organizations, on Serbia's participation in MIHAS 2010 – the Global Halal Marketplace. He is very supportive of Project efforts to collaborate on the MIHAS Fair, and on other opportunities. He will assist us with organizing B2B meetings in advance and additional contacts with Malaysian companies following the fair. He also confirms that Malaysian Halal certification is not a pre-requisite for firms participating in the fair. He will also assist us to make contacts with Halal Malaysia at MIHAS. The Ambassador will support our efforts to

organize the Belgrade Fair planned for early June. The Project has also met with the Serbian Halal Agency, and discussed their collaboration in the MIHAS Fair. The Agency will submit a concept paper for a grant to support 10 Serbian food companies to present their products at MIHAS, and the Agency will support the new Belgrade Food Show now being organized by the Project.



Other Project Activities:

- **Grants Program:** The Project has provided an interim payment to Niska Mlekara of \$23,000 following the completion of their design activities for a new dairy product packaging and marketing campaign under the terms of their grant agreement (*Launching a new milk product for kids – "Robi" milk*). During the week, the Grants/M&E Manager also met with: (a) Junior Achievement to discuss pending issues pertaining to their grant application to support the Project's youth program; and (b) an ABDS provider and a group of fruit producers from Subotica regarding a potential grant for a testing laboratory.
- **Policy/Ag Info:** The Project, in cooperation with Agromreza and the Ministry of Agriculture, has completed the 17th in a series of two-day seminars under the activity: "Market Analysis, Utilization of Information from STIPS, and the Basics of Marketing". The seminar took place in Zajecar, and farmers from the region were educated about regional and national agricultural markets, based on the information available through STIPS. The last training seminar in the series will be held in Belgrade, next week.
- **Communication:** The Project's Operations Director was a guest on the Kopernikus TV morning & early afternoon program "Jutro" where he spoke about Project support for women entrepreneurs in agribusiness. The interview lasted about 20 minutes, and he also announced the forthcoming Rural Development and Women in Agribusiness Fair which will be held in Kragujevac later this month.
- **Berry Fruit/Producer Orgs:** The Berry Sector Lead travelled to Arilje to meet with members of the Managing Board of the recently established Serbian Blueberry association to advise them on strategic planning, and to facilitate the finalization of their registration process. At the meeting deadlines were agreed to for the most important next steps: NASB registration with Serbian Business Registers Agency - end of January; completion of association strategic and 2010 activity plans – end of February.
- **Herbs & Mushrooms/Producer Orgs:** The Sector Lead and the Producer Org Specialist worked with Mr. Radisav Busic, the President of new herb association "Serbian Flora", to complete all the necessary documents needed for registration. The new association will be officially registered within 30 days. In addition, information on the association was published in Agropress, Agronews and Poljopartner, thanks to assistance from the Communications Advisor. The Project has also linked "Serbian Flora" with the television station "Kopernikus", and arranged for Mr. Busic to participate in a TV show on January 20th.
- **Policy/Communications:** The Senior Policy Advisor gave an interview regarding the Project's grant program to Improve Food Safety and Quality Standards to the local magazine "Business Ideas". The magazine is oriented towards small and medium scale private enterprises and the Serbian business community in general. The next issue of the magazine will provide detailed information about the principles, requirements and benefits of the GlobalGap standard. The Senior Policy Advisor presented Project efforts to assist businesses wishing to pursue this, and other, standards.



USAID Serbia Agribusiness Project – Weekly Report

Week of January 18, 2010

COTR: Djordje Boljanovic

COMMUNICATIONS: The Project's Operations Director, Goran Radojevic, participated in a press conference in Kragujevac on Friday to announce the Rural Development and Women in Agribusiness Fair, which will take place at the Kragujevac Sajam from January 29th to the 31st. Other participants at this event included the State Secretary of the Ministry of Agriculture, and a representative of the Mayor of Kragujevac. The conference was very well attended by local, regional, and national media, including the BBC reporter based in Kragujevac. After the Press Conference, Goran gave an interview to the local Kragujevac TV station, where he provided details on Agribusiness Project assistance and support to women entrepreneurs, and the general development of Serbian agribusiness. The picture at the right shows Goran (at the far right), and the other participants, speaking with the press at the event.



After the Press Conference, Goran gave an interview to the local Kragujevac TV station, where he provided details on Agribusiness Project assistance and support to women entrepreneurs, and the general development of Serbian agribusiness. The picture at the right shows Goran (at the far right), and the other participants, speaking with the press at the event.

Other Project Activities:

- **Dairy/Environment:** Project consultant Danijela Ilic has submitted the first report on her activities to the Project and to GHD, Inc. in Wisconsin. Danijela is collecting basic information that will be used by GHD to prepare a feasibility study for the application of their digester technology at the Lazar Dairy Farm which is located in Blace. Danijela has also collected samples of materials from the dairy plant and the farm, and sent them to a laboratory for analysis. The results of these analyses, along with information on the use of alternative energy sources, will be provided to GHD in the coming week. It is expected that this study, which is the first of three or four, will be completed by mid-February.
- **Policy/Ag Info:** The Project, in cooperation with Agromreza and the Ministry of Agriculture, held the final two-day seminar in the series "Market Analysis, Utilization of Information from STIPS, and the Basics of Marketing". The seminar, for farmers in the Belgrade municipality, trained farmers on agricultural markets in the region and Serbia, based on information available in STIPS. As this is the last in this seminar series, Agromreza will submit a final report on the project, which will be presented to the STIPS working group for evaluation, and for developing future activities to improve the STIPS system.
- **Berry Fruit/Producer Organizations:** The Project's regional office in Cacak hosted the first meeting of the Managing Board of the new National Association Serbian Blueberry (NASB). Assisted by the Berry Sector Lead and the Producer Organization Specialist, the NASB members completed the foundation documentation which will be submitted for registration by the end of January. In addition, the NASB's mission, vision, and the elements of an action plan were discussed, and a draft Action Plan was prepared. The association's main activities in next six months will be focused on research on health benefits of blueberries, a nutrition promotional campaign, and preparations for 2010 harvesting.
- **Herbs/Producer Organizations:** The Sector Lead and the Producer Organization Specialist assisted members of the new association "Serbian Flora" to complete all the documents needed for registration with the Serbian Business Registers Agency. Also, they advised the association to apply for the grants program on international standards. Member companies that process herbs will partner with their raw material suppliers and commit to obtaining organic certification within a one year period. The Herbs & Mushroom Sector Lead will organize a meeting of members in early February to assist them with the development of an Action Plan, and to help them apply for the grants program for organic certification.
- **Tree Fruit:** The Tree Fruit Sector Lead met the Manager of the Fortis company, from Bojnik, which expressed an interest in applying for assistance under the Project's International Standards grant program. This company owns a cold store situated in the Jablanicki district in South Serbia, and is involved in the production of frozen tree fruit (sour cherry, plums), and berry fruit. During the meeting the manager was also informed about other activities the Project has under way to assist the Tree Fruit sector. The Tree Fruit Sector Lead also contacted the Manager of the Zuc cold store from Kursumljija, who was interested in certifying the company's suppliers for organic production.



USAID Serbia Agribusiness Project – Weekly Report

Week of January 25, 2010

COTR: Djordje Boljanovic

GRANTS/COMMUNICATIONS: The Agribusiness Project participated at the opening ceremony for the Rural Development & Women in Agribusiness Fair in Kragujevac, which was organized by AGROPRESS. USAID's Senior Adviser Arthur Flanagan spoke at the Opening Ceremony, as well as the Deputy Head of Delegation for the EU, the Assistant Minister of Agriculture, the Deputy Mayor of Kragujevac, and other invited dignitaries. The event received extensive media coverage from both local and national media. Mr. Flanagan gave interviews to two local TV Stations, as well as to national stations RTS and TV Pink. The USAID Agribusiness Project Chief of Party, Lou Faoro, along with the Minister of Education, participated in a conference on education and agriculture, organized at the Fair. The picture shows Art Flanagan with other dignitaries at the opening ceremony. Art's opening remarks can be seen at: <http://www.emportal.rs/vesti/srbija/112007.html>



Other Project Activities:

- **Dairy:** Following USAID approval, an STTA to prepare an application for Protection of Geographic Designation (PGD) of Pirot Cheese (Kackavalj) got underway this past week. The STTA will run from January to June, and will be complete by the end of June. During the assignment the STTA will prepare all the necessary research, analysis, and documentation needed for the official application.
- **Marketing & Sales:** Marketing & Sales conducted a seminar for clients scheduled to participate in the FruitLogistica and BioFach trade fairs, and presented research on World Fruit and Vegetable Markets. This event was held at Zira Hotel, and 22 companies attended. Following the seminar, the presentation was downloaded 34 times from the Project web site, in the first two days after the training took place.
- **ABDS/Marketing & Sales:** The Agribusiness Project Chief of Party, Senior Policy Advisor, and ABDS Specialist met with Assistant Minister Milos Milovanovic to present plans for the food trade show "Pijaca in Belgrade". The Ministry welcomed the idea of a new food show, and offered modalities of support. These include domestic and international promotion of the fair, and technical and professional assistance for lectures during the show, among others. The Project, together with other stakeholders, and an international STTA, will make final decisions pertaining to the show during February 2010.
- **Policy/Communications:** The Senior Policy Advisor, and the Communications Manager, met with Goran Djakovic from the Association of Agricultural Journalists discuss and agree upon plans for the joint organization of a Food Safety Conference. The objective of the Food Safety Conference is to inform and engage all relevant stakeholders in a constructive discussion regarding the importance of food safety, while facilitating efficient functioning of the food trade. The conference is planned for early March, depending on the availability of high-ranking officials from the Ministry of Agriculture.
- **Producer Organizations:** The Project provided consulting services to the managing board of "Serbia Organica", the National Organic Association regarding the Law on Associations, and opportunities the Law gives them at the national level. The workshop took place at "Foodland", one of the association's key members. As a next step, the service provider will work with the management of "Serbia Organica" to finalize their statutes and by-laws, and assist them with re-registration and other legal issues.
- **Producer Organizations/Herbs/Communications:** The Project linked the national association of herb processors "Serbian Flora" with TV "Kopernikus", and arranged for their president to appear on the Kopernikus TV program "Jutro". The interview lasted 20 minutes, and Mr. Busic explained that the main focus of "Serbian Flora" will be on lobbying and advocacy to change industry-related policies and regulations, as well as to promote member's products, and develop domestic and international markets.
- **Southern Strategy:** The Agribusiness Project has finalized a plan to expand its activities in the southern regions of Serbia. This plan will be distributed to USAID and other partners this coming week.



USAID Serbia Agribusiness Project – Weekly Report

Week of February 1, 2010

COTR: Djordje Boljanovic

MARKETING & SALES: Thirteen fresh fruit & vegetable client companies participated in the FruitLogistica trade fair in Germany this past week, with Project assistance. The companies exhibited their products as members of the trade association “Fruits of Serbia”, as can be seen in the picture of the Serbian stand at the right. Despite the ongoing financial crisis Serbian firms enjoyed success at the fair, recording \$8.0M in contracted product sales, and ongoing negotiations with customers that are valued at another \$5.9M. Buyers at the fair have reported that they are impressed with the improvement in the quality of the products offered by Serbian companies. FruitLogistica continues to be a very important trade fair for Serbian companies, as it is one place where new innovations in products and packaging are on display for client firms to see and learn from.



Other Project Activities:

- **Livestock/Grants:** Following completion of the training program "How to increase Production of Beef and Lamb Meat", beef farmers have expressed a need for further education in cattle fattening. Based on this, Agrar Kontakt submitted an unsolicited proposal for a training program titled: *Beef Quality Assurance and Farm Management*. The USAID Agribusiness Project has submitted the grant application to the COTR for review and approval. The goal is to increase the production, and quality, of beef through technical assistance services provided in: Pozarevac, Nis, Kraljevo, Krusevac, and Vranje.
- **Tree Fruit:** As part of his upcoming STTA assignment in Serbia, Professor Chris Watkins from Cornell University will conduct a lecture at the Agricultural Faculty of Novi Sad for students, faculty, and staff interested in the latest information on Post-Harvest & ULO storage technology. This lecture will take place on February 26th, following field work and the technical seminars he is presenting for the Project.
- **Youth Program/Grants:** USAID has provided concurrence for a grant application submitted by Junior Achievement Serbia. With this award, Junior Achievement Serbia will integrate an additional 25 agricultural schools (with 500 students) into a comprehensive extra-curriculum educational program. This program will cover topics such as: Creation of a company, Management and operations, Applied economics, and it will use a computer simulation called “Titan” that allows "companies" formed by students to compete against one another as they virtually manufacture & market the same products. The Junior Achievement program will add value to the existing youth program implemented by the Agribusiness Project, and will lead up to the third round of the Youth Business Plan Competition.
- **Policy & Ag Info:** The Agribusiness Project Senior Policy Advisor is now organizing the upcoming National Food Safety Conference, in cooperation with Agropress, which is planned for March 11th. It is expected that the Minister of Agriculture, Mr. Sasa Dragin, will take part in this conference, and the Ministry is providing support for the event. The objective of the conference is to inform and engage all relevant stakeholders in a constructive discussion regarding the importance of food safety.
- **Berry Fruit:** On February 3rd and 4th the Project organized field visits to client firms for Djordje Boljanovic and Arthur Flanagan from the USAID Mission. Four Agribusiness Project clients were visited: Mondi Serbia (frozen & organic fruit), Baljevac Fruit Growers Association (fresh blueberries), Sicoberry (frozen fruit), and Foodex (fruit & vegetable preserves). Project and USAID staff met with representatives of the agricultural department and the LED office in Raska Municipality. The field visits provided a good overview on the range of clients, and the various types of assistance being provided.
- **Southern Strategy:** The Agribusiness Project has distributed its final Southern Strategy Action Plan to the USAID Mission, and the USAID field offices. The Project currently has nearly 300 client firms throughout the country, with more than 70 of these firms being located in what the Project has defined as the “southern region”. The plan outlines specific activities and events that will be implemented over the course of the coming year to expand the impact of the Agribusiness Project in the south.



USAID Serbia Agribusiness Project – Weekly Report

Week of February 8, 2010

COTR: Djordje Boljanovic

GENDER: Representatives from the Agribusiness Project participated in the 2nd Conference of Women Entrepreneurs organized by the Women Entrepreneurs Council, and the Regional Chamber of Commerce of Valjevo, in Banja Vrujci this past week. More than 200 women entrepreneurs were present for the Agribusiness Project presentation, which provided them with information on the Project, and specifically on support provided to women agribusiness entrepreneurs. During the event, the Project organized separate meetings with several women's associations, as well as with representatives of Regional Chambers of Commerce from Valjevo, Krusevac, Zrenjanin, Leskovac, and Novi Sad. The information obtained will further focus Project activities supporting women in agribusiness. The picture at the right shows Project CoP Lou Faoro, and the Operations Director (Goran Radojevic) during the presentation.



Other Project Activities:

- **Dairy:** The Agribusiness Project, with support from the MEGA Project, organized and presented a seminar on the potential for dairy development in rural areas, and the role of Municipalities in dairy development. The Project presented a review of the current situation in the dairy sector, while ABDS providers presented results from the Model Dairy Campaign (Taurus), and the Roles of Local Stakeholders in Dairy Sector Development (Maxi Farma). The Chief of the Livestock Department from the Ministry of Agriculture presented the GOS support scheme for dairy for 2010. A total of 50 municipal, LED office, and rural network representatives from Central Serbia participated in the event.
- **Vegetables:** The third and final Farm Management Seminar took place from February 8th to the 11th in Kovacica. Participants learned to prepare a number of financial documents for their farms (balance sheet, income statement, etc), as well as how to prepare a business plan. Participants worked with vegetable producers from Idvor, who provided real world data for their practice exercises. After their analysis the participants were able to recommend changes that would improve production, cut costs, and make the operations more efficient. The final presentations, where participants presented their "out of the box" ideas, demonstrated the practical results of seminar. The Project Chief of Party, and Art Flanagan from the USAID Mission, presented completion certificates to all the participants.
- **Producer Organizations/Communications:** The Project linked the national association "Fruits of Serbia" with the television station "Kopernikus", and arranged for their president to appear on the Kopernikus TV program "Jutro". The interview lasted for 20 minutes, and the main focus was on the recent exhibition by thirteen Serbian companies, as members of the "Fruits of Serbia" Association, at the FruitLogistica trade fair in Berlin. This participation was made possible with Agribusiness Project support for Fruits of Serbia. Mr. Vukicevic presented the preliminary results from the fair, explaining that Serbian companies contracted about \$8M worth of sales, with additional sales under negotiation.
- **Southern Strategy:** The Deputy Chief of Party, along with the Berry Fruit and Tree Fruit Sector Leads, spent two days in Nis and Leskovac this past week meeting with potential partners and client firms. The Project staff met with Vulic & Vulic (processors of tree & berry fruit for the EU market), and Porecje Vucje (a large state-owned fruit processing company). The best opportunity for collaboration appears to be training for their private farmer suppliers on SPU measures. A meeting was held with the Leskovac LEDO, and there appears to be scope for collaboration, particularly on high-tunnel berry production.
- **Environment/Policy:** The Project Chief of Party, Environmental Specialist, and Senior Policy Advisor met with the Director of the Plant Protection Administration and his associate to discuss cooperation between the Ministry of Agriculture and the Project on SPU activities for 2010. Both parties recognize that SPU is an extremely important activity that will require significant resources. It was agreed that the Project and the MWAFM will jointly establish a program of basic training for 1,200 farmers, and advanced training for the 475 farmers who completed the basic SPU training in 2009.



USAID Serbia Agribusiness Project – Weekly Report

Week of February 15, 2010

COTR: Djordje Boljanovic

MARKETING & SALES: The Agribusiness Project supported the exhibit by the Serbia Organica Association at the 2010 Biofach Fair, which took place from February 17th to 20th. A total of seven Serbian companies, with organic products appropriate for the international market, participated at the fair. The organic market is in decline due to the financial crisis, and it clearly was evident by the number of exhibitors and visitors at this year's fair. There were 200 fewer exhibitors than last year, and 12,000m² less exhibit space. Many Serbian company clients from previous years were not at the fair this year because of the reduced size. Despite this, the Serbian companies were satisfied with the number of contacts they made, and the actual and potential sales recorded. During the fair one company signed a contract for the supply of \$75,000 worth of product, and the rest of the companies were negotiating an additional \$2.6M in sales.



Other Project Activities:

- **Dairy:** Upon completion of the “Potential for Dairy Development in Rural Areas” seminar in Kragujevac dairy companies in Petrovac, Mlavi, and Mladenovac have requested meetings with the Agribusiness Project develop a joint strategy. The Dairy Sector Lead visited the dairies and discussed options for Project support. Final proposals for new dairy activities will be developed upon completion of the three dairy development seminars (Kragujevac, Pirot and Novi Sad).
- **Berries/Tree Fruit:** Project staff met with representatives from the Ministry of Foreign Affairs of Denmark to discuss the proposed Danish project for Private Sector Development in the fruit and berry sectors in Southern Serbia. This meeting was a continuation of previous discussions and cooperation regarding potential collaboration between the Agribusiness Project and the new Danish project, which will start in mid-2010. Project staff provided comments to the Danish delegation regarding the project concept paper, and suggested areas for collaboration between the projects.
- **Producer Organizations:** The commission of representatives from the Ministry of Agriculture, and the Agribusiness Project has selected the cooperatives that will take part in the Capacity Building Training Program for Cooperative Managers. A total of 47 applications were received, out of which 28 cooperatives, from 14 Serbian districts, fulfilled the criteria for participation (six from the South, and 3 from Eastern Serbia). The selected cooperatives are mostly commodity based, and twenty are active in the Project sub-sectors (5 tree fruit, 5 dairy, 5 livestock, 4 berry fruit, and 2 vegetable cooperatives).
- **Livestock/Grants:** Agribusiness Project COTR has provided technical concurrence for the Agrar Kontakt training and advisory program “*Beef Quality Assurance and Farm Management*”. The main goal of this program will be to increase the production and quality of Serbian beef through technical assistance and advisory services for livestock farmers (cattle farmers), which will be provided in through five regional centers: Pozarevac, Nis, Kraljevo, Krusevac, and Vranje. Agrar Kontakt will be provided with Project grant funds totaling \$59,878 to implement this program, which will provide training to a large number of farmers, food processors, producer organizations, and ABDS providers in these regions.
- **Tree Fruit:** Professor Chris Watkins, from Cornell University, conducted a lecture on apple postharvest technologies and Controlled Atmosphere (CA) storage technology for students of the Novi Sad Faculty of Agriculture. More than 30 students, and five faculty members, had an opportunity to get acquainted with new storage technologies applied in the USA, and possible future developments.
- **Special Events:** Project staff joined the Deputy Chief of Party to celebrate the 25th birthday for his BMW K100RS motorcycle. A special cake was ordered for the event (see picture at right) and a good time was had by all. Hopefully the bike will enjoy many more birthdays, either here in Serbia or where ever it ends up in the future.



USAID Serbia Agribusiness Project – Weekly Report

Week of February 22, 2010

COTR: Djordje Boljanovic

SOUTHERN INITIATIVE: This past week the Agribusiness Project hosted Jim Stein and Djordje Boljanovic on a tour of client firms in the southern region of Serbia. Five client companies were visited (Marni, Jeligor, FungoJug, Nis Dairy, and Lazar Dairy) and the group also met with the organizer of the upcoming Nis Tea Festival. This field trip has provided Jim & Djordje with a good orientation on Project assistance to these firms, and to the issues that are of concern for the mushroom, herb, berry, and dairy industries in Serbia. An interesting aspect of the tour was the visit to Lazar Dairy, which is very interested



in adopting the GHD bio-digester technology. Their interest is so high that the owner and manager is ready to make a trip to the US to visit some digester installations, and to learn more about the technology. At this point the Agribusiness Project has provided GHD with the data they need to prepare a feasibility study for the Lazar Dairy digester, and the study should be ready during the first half of month of March. The photo at right shows Jim with Zoran Nikolic, the owner of Marni.

Other Project Activities:

- **Communications:** The AgBiz Project, the Ministry of Agriculture, “Fruits of Serbia”, “Serbia Organica”, SIEPA, and GTZ organized a press conference on Friday to present the results of Serbian agribusiness company participation at the FruitLogistica and BioFach trade fairs in Germany in February. USAID Mission Director Michael Harvey was joined at the event by the Assistant Minister of Agriculture, the Director of GTZ in Serbia, and representatives of the two industry associations. The speakers reported that Serbian companies have contracted for sales of \$8M worth of food products, and they are still negotiating an additional \$8.6M of potential sales. A number of the companies that participated at the trade fairs displayed their products at the press conference, including ajvars, jams, juices and other fruit & vegetable products. The picture at the right shows Mission Director Michael Harvey speaking at the press conference.
- **Tree Fruit:** Professor Chris Watkins, from Cornell University, continued his assignment in Serbia, providing assistance to apple producers and cold stores on postharvest technologies and Controlled Atmosphere (CA) storage technology. On Thursday Chris met with the Cacanska Jabuca cooperative which is preparing to install a ULO cold store, and he advised the manager and some of the members on activities and practices that influence fruit quality through the storage process. On Friday Chris also presented a more extensive technical seminar for cooperatives, producer organizations, and ABDS providers who gathered in Novi Sad to attend this presentation.
- **Dairy:** The Agribusiness Project continued presentations of the Model Dairy Campaign results to LED offices and local government institutions last Friday in the south. The seminar took place in Pirot, and 20 participants from the Pirot area attended the event. In addition to the seminar, the Dairy Sector Lead and Mr. Radivoj Cosic, from Taurus AC, met with the mayor of Pirot to discuss potential cooperative activities to support the dairy and livestock sectors in the region. The mayor, and other municipal officials in Pirot, view dairy as one of the most important sectors for the development of the rural areas of the district. The USAID Field Office from Nis was also represented by Danijel Dasic.
- **Berries:** Project staff met with Mr. Trnavcevic, Director of B92’s agricultural program “Znanje na Poklon”, to review modalities for their coverage of the upcoming High-Tunnel Berry Fruit Production program. The B92 crew will take part in the four program activities planned, and will produce and broadcast (free-of-charge) short videos on each of them once a month. The Project will cover the cost of logistics for the TV crew, including transportation and accommodation costs, where necessary. The series will be entitled “TV School for Tunnel Production of Berry Fruit”, and will commence in late March. This collaboration will significantly increase the awareness and knowledge of fresh berry fruit market opportunities for thousands of producers in Serbia, and will expand USAID’s media coverage.





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USAID Serbia Agribusiness Project

USAID Serbia Agribusiness Project – Weekly Report

Week of March 1st, 2010
COTR: Djordje Boljanovic

Policy/Grants: The grant application process for introduction of international food safety and quality standards has been completed and a total of 101 grant applications have been received. Upon preliminary review, the Project's evaluation committee recommended 30 grant applications, in the total amount of \$155,803.58, for further consideration and approval. Thanks to the grant funds for introduction of the international food safety and quality standards, these grant applicants projected an increase of US\$ 6.2 million in their sales, as well as additional 184 jobs in their production and processing facilities. The remaining 71 grant applications will require additional clarifications to be accepted for further consideration and approval.



Other Project Activities:

- **Marketing and Sales/Policy:** M&S and Policy staff participated in task force meeting on Standards held at the SECO office. SECO and the Serbian Ministry of Agriculture have signed an MOU on assistance with Standards implementation in Serbia. Discussion revolved around the issue of agribusinesses in Serbia implementing a new standard to be called SerbiaGAP.
- **Marketing and Sales/ABDS:** M&S and ABDS staff with BelExpo representative met with the City of Belgrade Assistant Mayor to seek support for the "Pijaca" Food Trade Show in Belgrade. The Assistant Mayor promised funding for a part of the fair costs and active involvement in promotional and logistical arrangements for visitors.
- **PO/Tree Fruit:** With assistance from the PO specialist, work has been completed on the re-registration and restructuring of "Serbia Organica" Association based on the new Law on Associations. Also, an itinerary was made for a visit by Ms. Nathalie Gocha representative of the U.S. Agro Fresh Company to Serbia March 8-11, to estimate possibilities for introduction of their Smart Fresh System, new post-harvest technology for maintaining quality of fruits and vegetables in storage.
- **Berry Fruit:** Mr. Mihailo Nikolic, our Local Consultant, completed preparation of the High-tunnel raspberries and blackberries manual. The Project will fund printing of 500 copies that will be used as a training tool and distributed to interested producers to enable Serbian berry industry take advantage of opportunities at the domestic and foreign fresh berry fruit markets through applying new technologies, extending season and improving its overall organization and performance.
- **Herbs/PO:** With support from the Project staff, the National Association of Herbs Processors and Exporters "Serbian Flora" held an assembly meeting to discuss various operational issues. The Serbian Chamber of Commerce will support the new Association by providing office space free of charge. The Project facilitated signing a Memorandum of Understanding between the Chamber and the Association to formalize their relationship.



USAID Serbia Agribusiness Project – Weekly Report

Week of March 8th, 2010

COTR: Djordje Boljanovic

Herbs: Mr. Michael Harvey, USAID Mission Director, opened the 7th Tea Festival in Nis on March 10, 2010 together with Mr. Nenad Stavretovic, Director of Environmental Protection Agency of Serbia and Mr. Miomir Magdevski, the organizer. More than 20 companies from Serbia, Macedonia, Bosnia and Herzegovina and Slovenia exhibited hundreds of different herbal products. During the Festival (March 10-14, 2010), several workshops were held such as “Legal and policy issues” presented by Serbian EPA, “MAP Growing techniques” conducted by Nis Agricultural Department. In addition, the Annual Assembly Session of National Association of MAP collectors and processors “Dr Jovan Tucakov” was held and a workshop on “Medicinal herbs and honey”.



\$130,000 of sales was contracted at the festival. The leading Serbian buyer of medicinal and aromatic plants, “Macval Company” visited the Festival and contracted raw materials from several exhibitors in the total value of \$50,000. Bosnian company “ABC Mahic” made an agreement with “Adonis Company” to distribute their products in Bosnia. The value of this export deal is estimated at \$30,000.

Other Project Activities:

- **Marketing and Sales/Berry Fruit:** M&S provided the Serbia Blueberry Association a presentation on the global situation in blueberry - *Serbia's Opportunities and Constraints and Marketing Plan for Achieving Greater Profitability for 2010 and Forward*. 14 people participated in the training from the Serbian Blueberry Association, SIEPA, GTZ and SEDEV. Farmer&Spaic provided a consumer analysis on the demands for blueberries in the Serbian Market.
- **Marketing and Sales:** M&S organized the first meeting for companies interested in participating in 2010 *Fancy Food Fair*. To date Igda Impex (mushrooms), Peta Gama (confections), Sirogojno (dried fruit), Frigo Grand (retail pack frozen fruits), Adore Chocolates, Mlekara Sabac (Feta Cheese), Biotrend Donato (ajvar, vegetable products), CoolFood (frozen fruits and vegetables) and Marni Mushroom have expressed interest in participating.
- **Producer Organizations/ Tree Fruit:** Representative of US company Agrofresh, inventor and marketer of Smart Fresh system, a new technology for maintaining just-harvested quality of fresh tree fruits in storage, visited several Serbian stakeholders in fresh apples. As a result of these visits, Agrofresh decided to start the procedure for introduction of Smart Fresh to the Serbian Market as a new US technology that will improve maintaining of quality of stored fresh apples.
- **Dairy:** With USAID Agribusiness Project support through a marketing grant, “Kuc” dairy from Kragujevac developed a national dairy retail network. They currently have 11 stores throughout Serbia, with an estimated 20 new jobs created and over \$100,000/month in the additional sales from the start of the activity. This Project support will help “Kuc” dairy strengthen its position in the market. “Kuc” established its own retail chain using our grant assistance because supermarket chains were late in payments to “Kuc” by more than 100 days.
- **Berry Fruit:** Technical concurrence was received for a Berry Fruit Production Study Tour to Spain. Total of 6 berry fruit producers, 3 ABDS providers and 2 media representatives will travel to Huelva and visit 2 successful companies specializing in production and marketing of fresh berry fruits. The study tour will focus on exploring methodology and benefits of using high tunnels to extend season, improve fruit quality and expand supplies of fresh berries to international market, primarily the EU.
- **Vegetables:** Our STTA, Mr. Andriy Yarmak, visited a number of clients in the vegetable sector including large scale open field, greenhouse and frozen/pasteurized vegetable producers to collect necessary information for his market analysis. His study will give data about the opportunities in the Russian, Belarus and Ukraine markets.



USAID Serbia Agribusiness Project – Weekly Report

Week of March 15th, 2010

COTR: Djordje Boljanovic

POLICY/COMMUNICATIONS: The AgBiz Project, in collaboration with AgroPress, organized a Food Safety Conference on March 17th at the Hotel Continental in Belgrade. The objective of the conference was to engage relevant stakeholders in a constructive discussion regarding the importance of food safety, and the impact of new regulations and trade guidelines on food safety measures that will be required of food processors. The conference also contributed to ensuring a high level of protection for consumers in Serbia, and insuring that Serbian products meet the standards for export markets. Deputy Mission Director Marilyn Schmidt joined the Minister of Agriculture, the Dutch Ambassador, and the President of the Serbian Chamber of Commerce, to address the audience. The event was very well attended with more than 200 representatives from producers, processors, traders, NGOs, and the government, as well as the media, being present. Reports on the Conference were broadcast, and/or printed, in national and local media. The picture shows the Deputy Mission Director addressing participants at this event.



Other Project Activities:

- **Tree Fruit:** The Tree Fruit Sector Lead attended the congress of fruit growers "Dani Vocara" organised by the department for fruit growing at Novi Sad University. The main issue presented and discussed was the Memorandum between Serbia and the Russian Federation on pesticide MRLs, as well as a set of instructions recently issued by the MAFWM regulating quality control for exports to Russia. In order to address this issue, and provide necessary information to tree fruit producers in Serbia, the Ministry has formed an experts' group which will develop and implement a series of training events, as well as create a manual presenting new regulations and suggesting applications necessary to respect these regulations.
- **Berries:** As a follow up to presentations held in Serbia last December, and in order to facilitate further application of new technologies for extending product shelf-life, the Project has organized a series of visits to clients for a representative of BioFresh from the UK. Between March 29th and 31st, Mr. Salone from Biofresh will visit six companies specializing in fruit & vegetable production and logistic services, to negotiate trial applications of BioFresh ozone generators for the 2010 production and harvest season.
- **Herbs & Mushrooms:** Project Grant No. IC-FY-2-7 (*Development of Retail Packaging for the EU Market*), was successfully completed on March 15th. The AgBiz Project reimbursed Strela a total of \$17,950 under the terms of this grant, as a compliment to their investment of \$41,059. Strela has reported sales of \$200,000 as a result of this Project assistance, with \$110,000 of this being exports to the EU. In addition, two new full time jobs have been created so far at Strela. An example of the new packaging can be seen in the picture at right.
- **Grant Program:** On March 18th the AgBiz Project received concurrence from the Regional Contracting Officer for the web design procurements for the marketing & packaging grants. This will now enable these grantees to complete full implementation of their grant programs. Among the grantees are: Niska Mlekara (Robi milk campaign), Vocko Coop (labeling & marketing material), Foodex (new company logo and related packaging materials), Melisa Farm (new visual identity for international markets), and Macval Tea (new packaging and an umbrella brand name for their teas).
- **Livestock:** On the 17th and 18th of March, Agrar Kontakt organized the first of a series of two day training seminars on Beef Quality Assurance in a small town near Nis. The seminar combined both formal classroom training, with field activities, as well as lectures for Agricultural School students. Participation on day one was much greater than anticipated, with a total of nearly 50 farmers attending. On day two, more than 65 students attended the program. Under the terms of a grant to Agrar Kontakt they will be organizing four similar seminars in Southern Serbian cities. The Project will be closely monitoring these events to assess the impact of the training on the farmers and businesses involved.





USAID Serbia Agribusiness Project – Weekly Report

Week of March 22nd, 2010
COTR: Djordje Boljanovic

BERRIES/COLLABORATION: On March 24TH the project hosted a delegation from the USAID-funded KPEP Project (Kosovo Private Enterprise Program) to provide them with information regarding the Agribusiness Project's assistance to blueberry production in Serbia, and to learn of its potential for replication in Kosovo. The KPEP delegation met with Fruit Research Institute and Ag Innovation Center blueberry advisors, and visited two blueberry and raspberry growers/NASB members in the Arilje area. During the field visits, and meetings organized by the Project, the KPEP staff learned about Serbia's experience in developing blueberry production, and the marketing of blueberries, and they established contacts with experts and advisors available for assistance from Serbia. Representatives of the two projects agreed to regularly share information and support market access/establishment of business cooperation between their clients. The picture shows the KPEP delegation meeting with a blueberry farmer.



Other Project Activities:

- **Producer Organizations:** The new national association of organic producers - Serbia Organica - has now been officially registered, based on the new law on associations, with the Serbian Business Registrars Agency – SBRA. The Agribusiness Project assisted “Serbia Organica” to help them prepare their statutes and by-laws, based on the new law, and assisted them with the re-registration process. As a result, the SBRA this past week approved the registration, and issued “Serbia Organica” with their registration documents. The association can now include for-profit business entities (companies and cooperatives) as members, to give it credibility as the representative of the organic industry in Serbia.
- **Dairy/Environment:** The USAID Agribusiness Project Sector Lead, and STTA Danijela Ilic, met this past week with dairy and livestock clients (a dairy farm in Jabuka, and Neoplanta in Novi Sad) to discuss the development of feasibility studies for GHD bio-gas digesters. Both clients showed serious interest in their feasibility study, and they are ready to provide whatever documentation is needed for the activity, along with paying for relevant laboratory tests of their waste streams. The Project STTA will continue working with these clients over the next few weeks to further develop the relevant studies.
- **Herbs & Mushrooms/Marketing & Sales:** Agribusiness Project client, Igda mushroom company, has reported that their products are now available in all Hannaford supermarkets in the US states of Maine and New Hampshire. Hannaford is now the third US supermarket chain that offers products from Igda, in addition to Igda having their products being available on Amazon.com. This new export business was developed through their Project supported participation in the 2009 Fancy Food Show.
- **Tree Fruit/Grants:** Desing received a final reimbursement of \$11,500 under the terms of their grant agreement: *Introducing New Packaging Technologies for Highly Processed, Fruit-based Products*. Thanks to the Agribusiness Project grant, Desing has reported export growth in 2009, and the first quarter of 2010, totaling \$108,180. In addition, Desing has added two new employees in their processing facility. The new packaging technology introduced by Desing will enable further growth in the market place, and solidify their position as the leading producer of high-end fruit-based products.
- **Marketing & Sales:** Agribusiness Project Marketing & Sales staff provided training for 28 Serbian Economic Attachés from the Ministry of Economy who will be leaving soon for their new overseas posts. The training consisted of a short overview of Agribusiness Project activities, broken down by sector and cross-cutting element, and ways of possible cooperation and collaboration (B2B linkages, trade fairs, buyer missions, etc), and a short overview of market research tools (ITC trade map).



USAID Serbia Agribusiness Project – Weekly Report

Week of March 29th, 2010
COTR: Djordje Boljanovic

HAIL DAMAGE POTENTIAL: On March 31st Project staff experienced first hand how hail storms can have a significant impact on the tree and berry fruit crops of Serbia. While traveling through Cicevac we ran into a severe hail storm which dropped 2” to 3” of hail. As can be seen in the picture the build-up of hail on the ground was substantial, and a storm of this magnitude would cause significant damage to any the crops in the area. In response the Agribusiness Project has begun preparations for the completion of a study on measures to protect crops against such damage, and it is expected that the study will be completed in the next quarter.



A Scope of Work has been developed and the search is underway for consultants who have the appropriate skills and background for such a study. The study will provide Project clients with concrete recommendations regarding measures that can be taken to protect their crops from weather related damage, with information on the costs and the potential pay-back for such systems.

Other Project Activities:

- **Producer Organizations/Tree Fruit:** The Producer Organization specialist facilitated a meeting of the Fruitland Association managing board at the Project office in Belgrade. Managers of five tree fruit cooperatives, all members of Fruitland, gathered to discuss potential joint activities that can be supported through the Project grant program for associations. They also agreed to explore an investment in a joint venture tree fruit processing plant. Representatives from Intesa Bank attended the meeting and provided advice regarding financing, loans, and how to invest beyond their present collateral in ULO cold stores.
- **Environment:** An introductory meeting was held between representatives of the Union of Farmers from Branicevski & Podunavski Districts, and the Agribusiness Project, regarding involvement of the newly formed farmer's union with the Pesticide Safety & Environmental Education/Certification program. An agreement was reached on the selection of farmers for training, by the Union itself, based on criteria set by the PSEE Program. The farmers will submit information to the Project and selected farmers will be included in the PSEE trainings to be organized by the Project under the supervision of the MAFWM.
- **Marketing & Sales:** Marketing & Sales staff met with potential UK investors looking into greenhouse production in Serbia. These investors complained about the lack of available data on greenhouse production in Serbia, based on the differing results reported from existing greenhouse operators. The investors could invest between 5 and 10 million Euros in Serbia. The Marketing & Sales team will look into bringing in an STTA to complete a market feasibility study for greenhouse production in Serbia.
- **Grants:** The Project's grant evaluation committee completed a review of all grant applications for the international food safety and quality standards program and recommended 75 grant applications, with total grant funding of \$362,534, for further consideration and final approval. This number also includes 14 grant applications for the introduction of organic standards. Further review of the applications for organic standards is on hold until MAFWM publishes the list of organic certification providers.
- **Berries:** As a continuation of assistance to clients to access new technologies and establish partnerships with foreign partners, the project organized client visits for a representative of BioFresh. This is a follow up to BioFresh ozone generator presentations that were held in December 2009. Mr. Salone, visited six clients and a logistics service provider where he presented the methods of application and the benefits from using ozone generators during storing and/or transportation of fresh produce, and he began negotiations for cooperation. As a result, trial applications and testing of the technology during the 2010 production and harvest season was agreed with three clients, while potential purchases of ozone generators and smart pallets will be negotiated with two clients over the next two months.



USAID Serbia Agribusiness Project – Weekly Report

Week of April 5th, 2010
COTR: Djordje Boljanovic

DAIRY/ENVIRONMENT: The USAID Agribusiness Project has finalized plans for a Trade Mission to the US state of Wisconsin for representatives of Lazar Dairy from Blace. Two Project staff members will accompany the owner and farm manager from Lazar on a four day mission to visit operating GHD designed anaerobic digesters at selected dairy farms in Wisconsin. The owner of GHD, who visited Serbia in November 2009 on a USDA mission, has selected four sites for the visits which will take place on the 19th and 20th of April. These sites will give the Lazar representatives critical information on the GHD digesters, and should lead to a decision on the part of Lazar to install a GHD digester at their farm. The picture at the right shows the digester tank at Volm Farm, in Kewaskum WI, which is one of the sites that will be visited as part of this Trade Mission.



Other Project Activities:

- **Producer Organizations/Mushrooms:** A group of 20 companies, all processors and exporters of wild mushroom products, have established a new national association to officially represent the wild mushroom industry in Serbia. Project staff attended the formation assembly meeting of this new association, and advised the members on important aspects of the new Law on associations and how to structure and develop a sustainable organization at the national level.
- **Collaboration:** Agribusiness Project staff met with Pat Foster-Truly, an independent consultant advising the Mission on bio-diversity issues, and provided her with information and contacts that she will be able to use as she completes her assignment in Serbia. AgBiz Project assistance focused mainly on the issue of wild herb collection, as this is a sector which has some regulatory issues (ie licensing and control of exports) and where there may be issues related to endangered plant varieties.
- **ABDS/Finance:** Project staff met with representatives of Opportunity Bank to discuss a potential client for their subsidized loan program. AgBiz Project staff recently visited the livestock & meat processing company, SIM Impex, in Bela Palanka, and they expressed an interest in securing new debt financing for their working capital needs. The ABDS/Finance Specialist will inform SIM Impex regarding the terms of the loan program available from Opportunity Bank, and intervene to assist when and where needed.
- **Tree Fruit:** ZZ Vocko cooperative has completed the design and printing of promotional material as part of the AgBiz Grant program for marketing & promotional activities. The cooperative has developed a website, marketing material, and new packaging, with the cooperative logo, as well as labels for fresh produce for export. A new buyer from Russia has already contacted Vocko thanks to their website, and this buyer has contracted for fresh fruit deliveries worth \$670,000.
- **Vegetables:** The Biotrend company, from Novi Sad, has finished the re-design of their packaging for their salads and sauces which will be used for the local market starting in April. These new designs have been prepared for three separate products, which will be packaged in 500 gr and 200 gr packaging for the retail market. With their previously redesigned packaging for other products, BioTrend has seen a significant increase of their sales in super market chains. With both product lines they will now launch a direct marketing campaign, which will include product sampling and tasting in the retail chains.
- **Grants:** During the past week the Agribusiness Project reimbursed a total of \$11,249 to the following grantees: 1) *Ribnjak "Sutjeska"* received the final reimbursement for their grant upon successful introduction of the ISO 22000 standard, and 2) *Junior Achievement Serbia* received an interim payment in the amount of \$8,800 upon successful completion of Milestone 1

USAID Serbia Agribusiness Project – Weekly Report

Week of April 12th, 2010
COTR: Djordje Boljanovic

ABDS/MARKETING: The Project’s ABDS/Finance Specialist, accompanied by Marketing staff and the Dairy Sector Lead, paid a visit to INGA 2010, the Zagreb trade fair for specialty foods to learn from their experience in developing and launching a new regional trade fair for the food industry. Project staff met with individuals and organizations that will assist with the development of the Belgrade fair, and they received positive feedback on the concept, and the potential for the fair. At the same time the Project has continued to work with the organizers of the fair (Expo XXI) and the flyer to publicize the fair has been finalized and printed. An image of the cover page of the flyer is shown at the right. By the end of April the web site for the fair will be completed and on-line, and interested individuals will be able to learn about the fair from and register as an exhibitor, a buyer, or a participant.



Other Project Activities:

- **Policy:** In response to the RfP for a Study on the Impact of Liberalization on the Serbian Agricultural Sector, the Project received a proposal from SEDEV which proposed a team of eminent researchers for the study. This study will undertake both quantitative and qualitative analyses of the effects of liberalization under the SAA, the free trade agreements with Turkey and Belarus, and accession to the WTO, across the agricultural sector. The study will present what are the expected effects of these trade liberalizations on the agricultural sector, and distinguish these liberalization effects from those effects due to improvement in the regulatory environment, changes in FDI, the global financial crisis, and industrial and agricultural restructuring. The Project is negotiating with the vendor for this study.
 - **Herbs & Mushrooms:** The Agribusiness Project grant to Fructus doo, for the design of new labeling and packaging for various tea products, has been successfully completed and the Project has reimbursed \$14,000 to the company for the project. Fructus invested \$54,000 in this project, mainly for the cost of printing the new labels and packaging. Fructus has also reported a total of \$210,000 in new product sales as a result of this grant assistance, and nine new full-time jobs have been created so far. In addition, because of the new packaging of their products, Fructus is negotiating exports of their teas to new buyers from Slovakia and Poland. The image at the right shows some of their new tea packaging.
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- **Berries:** Mr. Mihailo Nikolic continued his STTA assistance for High Tunnel Raspberry production. Together with the Sector Lead, Mr. Nikolic visited several clients in southern and central Serbia, and monitored the condition and development of recently-established primocane raspberry fields. The consultant advised producers on field management measures, and recommended potential sites and preparatory activities for additional high-tunnel, and/or shade production. Via the upcoming Study tour to Spain, and with a US expert on High Tunnels, the Project will continue technical assistance to expand berry fruit production for the fresh market, and for seasonal extensions.
 - **Marketing & Sales:** The Marketing & Sales team organized a meeting between a buyer from the Swedish Netto supermarket chain (representing more than 1200 shops in 5 EU countries), and 10 Serbian companies, based on a request from the Atle coldstore. Atle, which is already supplying Netto with frozen fruits, received an inquiry from them on the possibility of consolidating truck-load shipments of a variety of products from Serbia. The Project team contacted potential suppliers, organized the meeting, and facilitated negotiations between the buyer and the suppliers that participated in the event. Ten companies have sent samples of their products for quality testing by Netto, and based on the response following the testing, Atle will organize the first shipment of consolidated goods.
 - **Grants:** The Agribusiness Project has reimbursed grantees a total of \$29,755 following completion of their grant programs. This includes \$10,770 for Kuc Dairy, \$14,000 for Fructus doo, and \$4,985 for Youth Business Plan grantee Milos Prokic for a blanching/rehydration machine (prune production).



USAID Serbia Agribusiness Project – Weekly Report

Week of April 19th, 2010
COTR: Djordje Boljanovic

COMMUNICATIONS: The US Ambassador to Serbia, H. E. Mary Warlick, together with Mike Harvey and other USAID officials, along with the USAID Agribusiness Project Chief of Party, visited a farmers cooperative near Subotica (in Tavankut) known as Vocko. This cooperative was formed with USAID assistance and has continued to be a partner with other USAID projects since then. Since its formation, the Vocko Cooperative has received equipment and technical assistance from USAID (via the projects) totaling \$120,000. The Ambassador's visit received significant local and regional (Vojvodina) media coverage, and a report on the event was distributed to 25 local TV stations throughout Serbia by the "Moja Farma" media outlet. The picture at the right shows the Ambassador with representatives of the Vocko Cooperative, and other members of the Ambassador's delegation.



Other Project Activities:

- **Policy:** The Minister of Agriculture announced a conference titled "CAP Reform – Accession and Cooperation Challenges" at a press conference at the Chamber of Commerce. The Conference will be held at the National Parliament on May 14th, with an anticipated attendance of 300 people, including up to 70 representatives from foreign ministries of agriculture. The Conference will address CAP reforms underway in the EU, and their implications for Serbia's national agrarian policy and international trade in agricultural products. The conference is being organized by the Ministry of Agriculture, the Serbian Chamber of Commerce, the Belgrade Chamber of Commerce, the Alliance of Serbian Cooperatives, and the Institute for Agricultural Economics, with support from the USAID Agribusiness Project.
- **Tree Fruit/Producer Organizations:** The Tree Fruit Sector Lead and the PO Specialist have provided advice to two ABDS providers seeking to become the local service provider for the Agrofresh company, and Smartfresh. In accord with criteria from Agrofresh regarding service providers, two companies (Agrol and Profruit) were contacted based on their business capacities, their experience with the Serbian apple industry, and their compliance with the criteria. During the coming week, Agribusiness Project will facilitate meetings with these companies and representative of Agrofresh to assist with identifying the most suitable company to be the authorized service provider for the Smartfresh product in Serbia.
- **Producer Organizations:** The Grant Program for Agribusiness Associations was launched on April 20th with an open call in the Politika daily newspaper. The Project's Producer Organization Specialist prepared the final technical documentation, the RfA, the Program Overview and Criteria, and the Application Form, which are posted on the Project website. The deadline for applications is June 3rd. The primary goal of the Program is to help associations develop and implement a range of activities to improve their capacities to serve members, to advance their sectors, to foster growth, and to become viable before the Project ends. Relevant information has been distributed to all client associations.
- **Marketing/Sector Leads:** Marketing & Sales, in collaboration with the Sector Leads, organized a working breakfast with the Serbian economic attachés who will be departing for their foreign posts in the near future. The Project also organized the participation of company representatives, representing all six Project sectors. Both the attachés and the company reps (more than 60 participants) were satisfied with this initiative, and the breakfast was held in a collegial and effective working atmosphere. The Project will continue to monitor the work of the attachés, and follow up as necessary in the future.
- **Grants:** This past week the Project paid out a total of \$50,391 to three grantees. This included \$11,837 to BioTrend Donato and \$19,533 to Zdravo Organic for successful completion of their marketing & packaging grants, and \$19,021 to Agrar Kontakt for the completion of Milestones 1 and 2 in their *Beef Quality Assurance and Farm Management Training Program*. The firm SIM Impex (Livestock Sector) from Bela Palanka also signed an MOU with the Project this past week.



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USAID Serbia Agribusiness Project

USAID Serbia Agribusiness Project – Weekly Report

Week of April 26th, 2010
COTR: Djordje Boljanovic

Youth/Communications: Prof. Mirjana Milosevic, State Secretary of the Serbian Ministry of Agriculture and Jim Stein, Director of the USAID Economic Growth Office, together with Lou Faoro USAID Agribusiness Project CoP, announced on April 29, 2010 in Belgrade, the winners of competition for the best youth agriculture-related business plan. Nine young entrepreneurs from Vojvodina, Central, Western and Southern Serbia, who were awarded the certificates on this occasion, will receive small grants valued at over \$120,000 that will enable them start or improve their own small agribusinesses (mini-dairy, high-tunnel production of strawberries, production of mushrooms, fruit drying etc.). This event received excellent national and local media coverage (two broadcasts on national RTS TV – one was 2 min long, with the statement by Jim Stein, in the prime time news program called "Daily News 2"). Independent production "Moja farma" reporters covered the event and will distribute it further through their network of 25 local TV stations throughout Serbia. Additional media coverage was agreed with the national Fox TV to promote each of the awardees and present a new round of the USAID Agribusiness Project's competition later in May.



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Other Project Activities:

- **Grants/Policy:** COTR gave his technical concurrence for 69 international food safety and quality management standards grant applications. The Project will spend \$348,219 while the grant applicants will provide matching contribution in the total amount of \$328,744 to cover 50% of the total consulting costs and 30% of the total certification costs. Based on the estimates included in their grant applications, they will generate \$35.8 million in additional sales, and add 597 new jobs.
- **Grants/Gender Program:** COTR provided principal technical concurrence for the grants program to support women entrepreneurship in the rural areas of Serbia through a training program and start-up grants. The Project allocated a provisional amount of \$300,000 to support both activities (training program and start-up grants).
- **Grants/Marketing:** COTR provided a final technical concurrence to the unsolicited concept paper submitted by Halal Agency of Serbia to support attendance of 15 Serbian agribusinesses at MIHAS 2010 Trade Fair, which will be held in Kuala Lumpur, Malaysia, in the period June 23-27, 2010. According to the grant application, the Halal Agency of Serbia plans to utilize the grant funds in the amount of \$42,990 to cover the costs of booth space and promotional material, as well as the cost of project management and coordination. According to the preliminary estimates, the participating agribusinesses will generate \$800,000 in additional export and 10 new jobs, while up to 15 agriculture-related firms and the members of 12 producer organizations will benefit directly thanks to this project.
- **Herbs and Mushrooms:** Sector Lead attended the Tea&Coffee World Fair in Vienna, Austria on April 25-27, together with representatives of Macval, Herba and Fructus herb companies, to assist them in making new sales transactions. As a result of this activity, initial contracted sale is at the level of \$310,905 and the total additional sales under negotiation are at \$340,200.
- **Environment:** COTR gave his technical concurrence for implementation of the national PSEE/SPU training program. The project received inquiries from 2,911 farmers located in 3 regions in Serbia. Implementation of the training program is expected to start in June 2010 and it should be completed by the end of September 2010.





USAID Serbia Agribusiness Project – Weekly Report

Week of May 3rd 2010
COTR: Djordje Boljanovic

DAIRY/ENVIRONMENT: This past week the Dairy Sector Lead and the DCOP participated in a Trade Mission to Wisconsin with representatives of Lazar Dairy from Blace. The host in Wisconsin was GHD Inc, a designer and builder of anaerobic digesters specifically designed for dairy farms. During the week six digesters were visited, ranging in size from 3,500 cows, to 800 cows. The GHD digesters are very practical and simple, and cost much less to build and operate than the types offered by European suppliers. The GHD digesters also provide a higher energy yield, and as a by-product they produce a fine sterile fiber that can be used as bedding for the cows. The photo at the right shows Steve Dvorak of GHD explaining the value of the fiber to Milan Vidojevic, owner of Lazar Dairy. The USAID Agribusiness Project will continue to work with Lazar Dairy to support the introduction of this new US technology. While Lazar is interested in pursuing this technology for their dairy farm, the Project will provide them with support on the policy and regulatory areas to insure they receive the benefits prescribed by the new laws regarding alternative energy production.



Other Project Activities:

- **Policy:** The Minister of Agriculture, along with the Vice-President of the Serbian Chamber of Commerce and the President of the Belgrade Chamber of Commerce, announced the forthcoming international conference "CAP Reform – Accession and Cooperation Challenges", at a press conference held on May 7th at the Serbian Chamber of Commerce. The Conference will take place on May 14th with an expected 300 participants. The Conference will deal with reform of the EU CAP program, and implications of the reform on Serbia's national agrarian policy and international trade in agricultural products. The USAID Agribusiness Project will cover the costs of printing and design of promotional material and catering for the conference.
- **Berries:** Cranberry Consultant, Mr Robert Tomesh completed his second assignment in Serbia to support cranberry growers and the development of local expertise for this new berry fruit crop. Together with local consultant Jasminka Milivojevic, and the Berry Fruit Sector Lead, the consultant delivered two training sessions on Cranberry Production and Propagation Technologies. These training sessions were held at Belgrade University (Faculty of Agriculture), and at the University of Kragujevac (Faculty of Agronomy) in Cacak. Both sessions attracted a lot of interest and were extremely well attended – with over 180 participants in total. As part of the program, Milos Stojanovic introduced the Youth Business Plan Competition program, and invited students planning to start-up a new business to apply.
- **Marketing/ABDS:** The contracted design studio finished the second brochure for the Culinaria trade show (see image at right). The Project has agreed with GTZ to begin printing the materials - with 4000 copies produced this week - 2000 small brochures; 2000 large brochures. Agribusiness Project staff will attend the Sarajevo RCI regional conference next week, where the Culinaria trade show will be presented to regional USAID Projects to seek their support and cooperation.
- **Grants:** Following USAID technical concurrence, an advertisement was placed in "Politika", and on the Project's website, for a new grant program to support women entrepreneurship in the rural areas of Serbia. Pursuant to the RfA the Agribusiness Project will award up to five grants, for up to \$30,000 each, to local for-profit and/or non-profit non-governmental organizations to design and implant a specifically designed training program for women entrepreneurs. Following participation in the training programs, individual grant awards will be made to a number of women entrepreneurs to support their efforts to develop new, start-up, agribusinesses. The activities undertaken with these individual grants must be completed within one year from the date of the grant award.





USAID Serbia Agribusiness Project – Weekly Report

Week of May 10th 2010
COTR: Djordje Boljanovic

POLICY/AG INFO: The USAID Agribusiness Project supported the organization of a conference titled "CAP Reform – Accession and Cooperation Challenges", which was held on May 14th. The conference addressed the issue of reform of the EU CAP program, and the implications of these reforms on Serbian national agrarian policies, and international trade in agricultural products. In addition to the President of the Republic of Serbia, Mr. Boris Tadic, the Minister of Agriculture Mr. Sasa Dragin and Mr. Jerzy Plewa, the Deputy of Director General for Agriculture of the EU Commission participated in the conference. The conference also brought together the ministers of agriculture from Croatia, Macedonia, Portugal, Estonia, Hungary, Slovakia, and the Czech Republic, and they shared their views regarding of CAP with the participants and offered advice on the accession process. The conference was attended by 300 participants, representing the Serbian government, foreign governments, the private agribusiness sector, the diplomatic corps, and media. There was extensive coverage of the Agribusiness Project support for this conference.



Other Project Activities:

- **Environment:** The Agribusiness Project held a kick-off workshop for the Pesticide Safety and Environmental Education/Certification program this past week. A total of 85 participants (trainers to be used in the broader pesticide safety education program) attended the workshop, and they took part in basic PSEE trainings, and preparation of the work-plan for the training program. The PSEE tools and methodologies of field testing, evaluation, and reporting on the PSEE training results have also been finalized, along with the design of brief handbook of short-listed tools and reporting formats.
- **Producer Organizations:** The Producer Organization Specialist represented the Project at a panel discussion on "Agricultural Producers Associations and Financing of Agricultural Producers" held in Kula this past week. The panel was part of the regional Program "Business Bačka" connecting local entrepreneurs with potential strategic partners. Speakers included Milan Stegić, Assistant Minister of Agriculture, Dr. Miladin Ševarlić from the Agriculture Faculty in Belgrade, and the regional manager of ProCredit Bank. The Producer Organization Specialist used the opportunity to discuss potential joint activities with the assistant Minister of Agriculture and other stakeholders from the cooperative sector. It was agreed that national conference with topic on Serbian agricultural cooperatives in transition to EU and reform of cooperative sector in Serbia would be a great chance to address this issue in public and speed up the development of Serbian farmers cooperatives.
- **ABDS/Finance:** Mr. Pete Swanson, from Carr Swanson and Randolph, provided two three day leadership training programs for 26 companies and Agribusiness Project staff, and one three day training-of-trainers program for eight consultants who will become leadership trainers in the future. The purpose of the training program was to strengthen the competitiveness of Serbian agricultural enterprises through improving the participants' ability lead, motivate and inspire their employees, colleagues and superiors. The program is based on Kouzes and Posners' well known book *The Leadership Challenge*. At the end of the course the students had a clear understanding of their own ability to lead innovation and the development of their companies no matter where they are placed within the organization.
- **Grants:** The USAID/COTR has provided final technical concurrence to the unsolicited concept paper submitted by Head Made, a local marketing agency, to support a public awareness campaign for the warehouse receipts system in Serbia. Head Made will use grant funds to conduct a series of educational and promotional events, and to set-up a communication center to provide on-going information regarding the warehouse receipts system. The Head Made is a partner organization of the Warehouse Receipts System Indemnity Fund. The proposed activity will target all stakeholders involved in the system and will deal with the functional mechanisms and the benefits of the system for agribusinesses and farmers.



USAID Serbia Agribusiness Project – Weekly Report

Week of May 17th 2010
COTR: Djordje Boljanovic

SOUTHERN STRATEGY: Over the course of the past week the USAID Agribusiness Project organized a number of activities and events to support the Southern Strategy and to capitalize on the availability of the new field office in Nis. The DCoP and Milos Stojanovic from the Nis office spent two days visiting new companies that have applied for grants to adopt international standards. The Vegetable Sector Lead visited grant program applicants as well, and met with the RARIS office in Zajecar to discuss potential collaboration on the preparation of a study on vegetable production and processing for the Timok Region of Serbia. The Operations Director and Marijana Bozic from the Cacak office also spent two days in the south, visiting with women entrepreneurs and members of women's associations that may become Project partners. The Agribusiness Project will now be making more extensive use of the field office in Nis, by having the Sector Leads and Cross Cutting Specialists spend more time working from the office, and by organizing training sessions and other Project events that can be held in the conference area in the new office. The photo at the right shows employees of HERA doo in Prokuplje preparing burek, which they freeze and sell in Serbia and the EU as well. HERA has applied for an ISO standards grant.



Other Project Activities:

- **Berries:** During this past week the Project successfully implemented the Berry Fruit study tour to Spain. Ten representatives of berry fruit producers and ABDS providers, along with the Berry Fruit Sector Lead and a local consultant, travelled to Huelva province and visited leading producers and suppliers of the EU market with fresh raspberries and strawberries. During this four-day activity the participants visited berry fruit fields set-up under tunnels, as well as grading and packing units of the host businesses, and they learned about the details of fresh berry fruit production, post-harvest operations and marketing. Through the provision of advisory services by both expatriate and local consultants, the Project will continue to support to Serbian berry fruit industry to establish exports of fresh berries to the European market. The picture at the right shows the group observing blueberry production under high tunnels.
- **Communications/Berries:** On May 23rd an introductory four-minute report on the Study Tour to Spain was broadcast on B92 during "Znanje na Poklon". In the program one of the participants spoke of his impressions from the tour, and his plans to apply the knowledge he gained. This educational series, introducing the production of berry fruit under high tunnels and/or hoops, will be continued over the next few weeks with programs on how to set-up tunnels, and how to manage bramble plants under covers.
- **Dairy/Grants:** During the week of May 17th to 21st the Dairy Sector Lead focused on the Dairy Management Software Training program - Phase IV (out of V). Technical staff from the Sabac, Kuc, and Mladost dairies were trained on how to use four program modules, and adjustments to the software package have been completed to customize it for each of the individual dairy companies participating in this grant activity. Completion of the training program is expected to take place in early July 2010.
- **Grants:** During this week the Project paid out \$65,028 as reimbursement to four grantees under the Marketing & Packaging grant program. The clients receiving payments were as follows: Sigma AZ ((\$5,940); Macval Tea (\$22,950); Rick's Technology (\$6,140); and Vino Zupa (\$30,000). The Project will be launching a second round of the Marketing & Packaging grant program in the near future.





USAID Serbia Agribusiness Project – Weekly Report

Week of May 24th 2010
COTR: Djordje Boljanovic

BERRIES: On May 30th the third in a series of short TV broadcasts regarding the introduction of high-tunnel production technology for berry fruits was broadcast on TV B92 within their agricultural program “Znanje na Poklon”. Prof. Mihailo Nikolic (AgBiz Project consultant for berry fruits) was the guest presenter on the program and he commented on the Berry Fruit study tour to Spain which was organized by the Project, with assistance from World Learning. Prof. Nikolic reviewed the berry production technology applied in Spain, and explained how Serbia can proceed to develop the production of berry fruits under high-tunnels, and to expand the export of fresh berries. During this broadcast, both Mr. Tmavcevic, the director of the program and Mr. Nikolic emphasized USAID’s support and role in the process, and their appreciation for the assistance provided by the USAID Agribusiness Project. The photo at the right shows some of the study tour participants examining berry production under high-tunnels in Spain.



Other Project Activities:

- **Producer Organizations:** The Project’s Producer Organization Specialist has been holding a series of meetings with Serbian agribusiness associations which are interested in applying for the recently launched grant program for associations. Meetings were held with the President of Serbian Coldstores Association, the President of Serbian Flora Association, representatives of the Serbia Organica Association, and the business secretary of “Fruits of Serbia”. All four associations are in the process of finalizing their grant applications. These associations bring together many of the main stakeholders from targeted sectors. The PO Specialist also provided advisory assistance to the associations on Grant Program criteria, and the application procedure.
- **Policy/Ag Info:** The USAID Agribusiness Project signed a contract for preparation on the Study on the Impact of Liberalization on Serbian Agriculture, with the local consulting company SEEDDEV. The study will be completed over two phases. The first phase will encompass preparation of a general tariff analysis of the liberalization process and its impact, and this part of the Study is due on July 25, 2010. The full report encompassing the general tariff analysis, and sector specific detail analyses, is due on September 25, 2010. A team of local and foreign experts, with extensive backgrounds in agriculture, macro and micro-economics, and international trade, will be responsible for preparation of the Study.
- **Policy/Warehouse Receipts:** The marketing agency Head Made has completed milestones 1 and 2 under their grant agreement to support the public awareness campaign for the warehouse receipts (WHR) system in Serbia. Head Made is a partner organization with the Warehouse Receipts System Indemnity Fund. Milestone 1 encompassed the design and production of educational and promotional material for training seminars and workshops regarding the warehouse receipts system. This is the key grant-funded activity, whereas all the educational print and video material, promotional brochures, flyers, invitation cards, posters, etc will be used during the training programs and workshops, and they will serve as reference materials afterwards. Within milestone 2, a series of activities were conducted during the International Agricultural Fair in Novi Sad to assure adequate promotion, and information dissemination, for the warehouse receipts system. The Grantee, representatives of the Indemnity Fund, and the Ministry of Agriculture, presented the features of the system at the stand of the Ministry of Agriculture; the Grantee also organized multimedia interactive communication points for Novi Sad Fair visitors, and organized discussions at the “Open Door” workshop to provide feedback on the system.
- **Grants:** During this week the Project paid out \$33,665 as reimbursement to three grantees under the Marketing & Packaging grant program. The clients receiving payments were as follows: FoodLand doo (\$21,903); AgroPartner doo (\$1,794); and Suncokret doo (\$9,968). The Project will be launching a second round of the Marketing & Packaging grant program in the near future.



USAID Serbia Agribusiness Project – Weekly Report

Week of May 31st 2010
COTR: Djordje Boljanovic

Policy/ABDS: Under an Agribusiness Project grant agreement to support the public awareness campaign regarding the warehouse receipts system in Serbia, marketing agency Head Made organized a two-day training seminar for warehouse operators to facilitate their participation in the warehouse receipt system so that they can become registered public warehouses. The training program was held on May 31st and June 1st in Andrevlje, Fruska Gora. The agenda included the topics such as operations of a public warehouse, organization of controls in public warehouses, managing the technical quality of grains, features of the warehouse receipt, relations between banks and public warehouses, and trade in grains, etc. More than 60 representatives of Serbian public warehouses, and other interested parties attended the event.



Other Project Activities:

- **Producer Organizations/Tree Fruit:** As part of the Project's assistance for tree fruit cooperatives, and the owners of storage facilities for fresh apples, to introduce SmartFresh as a new postharvest technology for Serbia, the PO Specialist and the Tree Fruit Sector Lead have been assisting the US company Agrofresh, the owner of this technology. Project assistance has focused on the registration of the technology in Serbia, and the identification of a local service provider that can market the technology here. With Project support, Agrofresh has decided to introduce Smart Fresh into Serbia in September, and the Serbian apple industry will now have access to this new postharvest technology. The PO Specialist and the Tree Fruit Sector Lead met with the selected local company that will represent Agrofresh, and discussed further Project assistance regarding preparing the cooperatives involved in apple growing, and other stakeholders from the apple industry.
- **Herbs & Mushrooms:** The Herb & Mushroom Sector Lead and the PO Specialist met with Zora Dajic, to discuss the "Serbian Flora" proposal which will be submitted in response to the grant program for associations. Zora was hired by the association to develop their proposal and she will be responsible for implementing the association's activities. The Agribusiness Project also organized an assembly meeting of "Serbian Flora" so the members could discuss, and make final decisions on, activities which will be supported by grant funds.
- **Berries:** The Berry Fruit Sector Lead attended the opening ceremony of the new fruit drying plant built by Project client Sirogojno, in Rupeljevo near Pozega. This is the first plant in the Balkans which uses the sugar-infusion fruit drying technology. Besides the many suppliers and clients of Sirogojno, a number of ABDS providers and representatives of local and/or regional authorities attended the ceremony. During the event the company's management emphasized the importance of the assistance that the Agribusiness Project provided, which has been focused on the development of sales/exports, and the introduction of international standards.
- **Producer Organizations:** The Producer Organization Specialist has been continuing to respond to inquiries from interested organizations which are contacting him regarding the announcement of the Association Grant program. The Producer Organization Specialist has provided all interested associations with additional information on the program which will help them to prepare complete and responsive applications. The deadline for the submission of grant applications was Thursday, June 3rd, and as of that date 17 associations had applied for this grant program.
- **Grants:** During this week the Project paid out \$68,215 as reimbursement to five grantees under three of the Project's grant programs. Foodex (\$1,159), Agroziv (\$24,632) and PK Zlatobor (\$13,916) received reimbursement for costs they incurred as part of their marketing grants. Agrar-Kontakt (\$9,777) received reimbursement for costs related to the Beef Quality Assurance training program, and Head Made (\$18,731) received an interim payment for promotion of the warehouse receipts system.

USAID Serbia Agribusiness Project – Weekly Report

Week of June 7th 2010
COTR: Djordje Boljanovic

BERRY FRUIT: During the second week of June the harvest of the Project's strongest export commodity – raspberries – began. As usually, the first raspberries in Serbia were harvested in the Sabac region. The quality of fruit is only average. As a result of the heavy rainfall in May, followed by extremely warm weather in early June, it is expected that the total yield of raspberries for 2010 will be 20% to 30% lower than anticipated, and it will be far below the 86,900T recorded in 2009. Even though export prices have been declining over the last twelve months, the total exports of raspberries reached \$198.5M (61,000T) in 2009. Besides the poor weather conditions which can severely affect the quality and quantity of fruit harvested, the hottest issue for growers and processors is the purchase price – first estimates are that farmers will be paid around 1.5€ per kilogram of raspberries delivered to a coldstore, or the nearest collection point.

Other Project Activities:

- **Vegetables:** On Wednesday June 9th, at the Agribusiness Project office in Nis, the Vegetable Sector Lead organized the first meeting of the group which will work collaboratively on the development of an analysis of the vegetable sector in the Timok Region. This analysis will cover ten municipalities in this region, including: Boljevac, Kladovo, Knjazevac, Majdapek, Sokobanja, Bor, Zajecar, Negotin and Golubac. A draft scope of work for this assignment was reviewed and discussed with representatives of GTZ, LEDIB, RARIS, and the USAID office in Nis. The final version of the SOW will be submitted to the Project's COTR for review and approval within the next two to three weeks. The expected duration of this study is three months, after which a final report and recommendations will be presented at a conference to be held in one of the municipalities included in the study.
- **Environment:** The Project's Environmental Advisor organized a "Cleaner Production" Workshop & Award Ceremony in Nis on June 12th. Twenty-two companies that completed the first phase of the Cleaner Production training program received certificates confirming their successful completion of the training. The Project's Deputy CoP made the opening remarks at the event, and the USAID Field Representative in Nis presented the certificates to the awardees. Following the award ceremony the participants attended a workshop which provided them with additional training on the Cleaner Production system.
- **Policy/ABDS:** Under the grant agreement for the public awareness campaign regarding the warehouse receipts system in Serbia, the marketing agency Head Made organized a one-day training seminar for the banking sector to orient them to the role of banks within the warehouse receipt system. The training was held on June 9th in Cenej. The training agenda included topics such as: the development of new banking services based on the WHR; warehouse receipts as official certificates of ownership for commodities, the use warehouse receipts as collateral for lending; the endorsement of WHRs; and bank guarantees for warehouses. About 50 representatives from commercial banks and insurance companies participated in the training.
- **Producer Organizations/Herbs:** The Producer Organization Specialist received a request for assistance from a woman producer from the Svilajnac municipality. Recently the Israeli company Green Only, which specializes in spice production, announced a new factory in Svilajnac, a green field investment worth 850,000€ that will organize the production of spices on 100 hectares, and provide significant local employment. This investment will make Svilajnac the center for spice production in Serbia, and there will be potential for local farmers to switch to spice growing to become suppliers of the Israeli company and to organize their operations through cooperatives and/or producer organizations.
- **Grants:** During this week the Project paid out \$62,849 as reimbursement to four grantees under the Project's various grant programs. Mlekara Mladost (\$29,394) and Mlekara Vihor (\$11,135) received reimbursement for costs they incurred as part of their marketing grants. The Halal Agency of Serbia received \$14,920 as payment for the completion of Milestone One in their grant for participation at the World Halal Expo in Malaysia. Junior Achievement received \$7,400 as the second payment in for the completion of Milestone Two under their grant agreement.

USAID Serbia Agribusiness Project – Weekly Report

Week of June 14th 2010
COTR: Djordje Boljanovic

POLICY/ABDS: The marketing agency Head Made, in cooperation with the Warehouse Receipts Indemnity Fund and the Agribusiness Project, organized a one-day training seminar for representatives of the public and private extension services, the regional rural development network, and agricultural cooperatives regarding the warehouse receipt system. The training was held at the premises of FINS in Novi Sad. This activity was part of the grant activity supporting the public awareness campaign to publicize the warehouse receipts system in Serbia. The main goal of the training was to educate representatives of the extension services, and the rural network, on key WHR issues so they can be leverage points to transfer information on the WHR system to the final users, and to extend the promotion of the system among agricultural producers. Around 50 participants attended this training event, as can be seen in the photo above right.



Other Project Activities:

- **Environment:** In an effort to break through the traditional and costly practices of using end-of-pipe treatments for pollution control, the Agribusiness Project has been supporting proactive pollution prevention by client firms since the second year of Project implementation. As part of the program *Cleaner Production Development and Implementation*, a regional workshop "Info-Days on Cleaner Production in Agribusiness" was held in Pancevo on June 14th as a joint effort by the Ministry of Environment, the Regional Chamber of Commerce, and the Agribusiness Project. Participating companies and Producer Organizations from Juzni Banat were introduced to the program on Cleaner Production (CP), as well as to recent developments in the area of environmental legislation in Serbia.
- **Producer Organizations/Grants:** The Agribusiness Project received 15 grant applications for the newly launched Grants for Associations program. The formal review of the submitted grant applications has been completed, and ten applications have been preliminarily approved and will be considered for further review and grant award. Two grant applications are ready for final review and approval, while the other eight applicants need to provide additional information and clarifications prior to final review. Given complexity of the proposed grant activities, as well as the volume of the documentation submitted with the applications, which all needs to be reviewed and evaluated, a well-organized review process and an effective grant file administration system needs to be established as soon as possible.
- **Marketing:** Preparations for the Fancy Food show in New York are in their final stage. A final meeting with exhibitors was held at the Project office, and six companies will exhibit at the show this year. The companies are: BIOTREND DONATO – vegetables; IGDA - dried mushrooms; AREX - marzipan confectionery; SIROGOJNO - dried fruit; FRIGO GRAND - frozen fruit; and MLEKARA SABAC - dairy. Preparations for the MIHAS trade fair in Kuala Lumpur are also complete, and the Project has collaborated with the Halal Serbia Association to organize Serbian companies to participate in this show.
- **Gender/Grants:** Following closure of the application process for the Women Entrepreneurship Grants Program, the Project's Grant Evaluation Committee has reviewed all 19 grant applications received, and selected 11 grant applications that meet the basic requirements for further review and consideration. Based on the evaluation criteria and the scoring system, the Grants Evaluation Committee will select up to five (5) grant applicants for awards to deliver business training programs in the four regions of Serbia identified, to women entrepreneurs in those regions interested in starting an agribusiness.
- **Producer Organizations/Marketing:** The Producer Organization specialist attended the preliminary meeting of ten design and branding companies that have taken the initiative to establish their professional association in Serbia. The PO specialist explained the most efficient models for forming such a national association, and how the Project could help them with this effort. Although, these companies are not solely oriented to agribusinesses, they serve as a significant support for the sector.



USAID Serbia Agribusiness Project – Weekly Report

Week of June 21st 2010
COTR: Djordje Boljanovic

TREE FRUIT: Sour cherry purchases in Southern Serbia started approximately 10 days ago. Yields this year are estimated to be 30% lower for cherries for processing, and 50% lower for first class cherries intended for pitting and freezing. Current purchase prices in the Merosina region are 34 Euro cents, which is three times greater than the price at the beginning of the purchase season last year. The situation in Macva, which is the second largest sour cherry production area in Serbia, is similar. Cold stores and processors, who are purchasing sour cherries from individual producers, are expecting they will have inadequate supplies of sour cherries during the 2010 production season. An additional problem is the inability of the cold stores and processors to secure bank credits, which limits their ability to become fully engaged in the purchase process. The situation in Hungary and Poland, which are Serbia's main competitors in sour cherry production, is quite similar. Due to heavy rains, floods, and low temperatures, their fruit yields are also significantly lower this year. Therefore, it seems highly likely that Serbia (as well as Poland & Hungary) will not be able to meet the demand from the market for sour cherries this season throughout Europe.

Other Project Activities:

- **Berries:** During this past week the printing of the Serbian translation of the High Tunnel Raspberry and Blackberry production manual was completed. The manual was developed by Cornell University, and it has been adapted to suit Serbian conditions by a local consultant hired by the Agribusiness Project. A total of 500 copies of the manual have been printed, and it will be used as a tool to assist with the know-how transfer from US-based growers and extension service providers to their counterparts in Serbia. The manual will also be distributed to interested stakeholders during the technical assistance and training program aimed at developing this type of production in Serbia. A few dozen copies of the manual have already been distributed during the Raspberry Days festival in Brankovina.
- **Dairy:** Project technical assistance to the Pirot and Svrljig municipalities to support their applications for protected geographic designation (PGD) for local specialty dairy products (Svrljig white cheese - kriska - and Pirot Kackavalj) has been completed. Both assignments have ended with the production of elaborate documentation which will be sent to the Serbian Institute for Intellectual Property for final review and approval. Upon receipt of final approval, Pirot municipality dairies, and the Svrljig dairy, will become the holders of the protected geographic designations for these products.
- **Producer Organizations/Communications:** The Producer Organization Specialist has provided a statement to Radio Television Serbia (RTS) regarding good models for agricultural cooperatives in Serbia, and he also compared Serbian cooperatives with current EU cooperative models. RTS is preparing a short emission regarding six apple grower cooperatives in Serbia, that have invested in their own modern storage facilities, as good role models for other farmer cooperatives. Those cooperatives recommended the USAID Agribusiness Project to RTS, and the Agbiz PO Specialist in particular, as experts in this field. The Communications Advisor helped the PO Specialist to prepare for the interview, and the show should be broadcast next week during the heavily watched news bulletin *Dnevnik 2*.
- **Tree Fruit/Grants:** The Fortis company, which has their production and processing in Bojnik, near Leskovac in Southern Serbia, has passed the final certification audit for the introduction of the IFS standard in their tree and berry fruit processing operation (freezing and storing). Fortis has a grant from the Agribusiness Project to support the introduction of the IFS standard, which is something that has been requested by the company's main buyers from Germany and Switzerland.
- **Producer Organizations/Berry Fruit:** The National Association of Blueberry Growers, "Serbian Blueberry", organized a visit to the Arilje area of Serbia for buyers of fresh fruit from the German companies Dole Foods and Kopke. Following these visits, preliminary arrangements for the export of fresh blueberries have been made with suppliers from Serbia. The buyers are also very interested in other fresh berries as well – such as raspberries, currants, blackberries and strawberries.



USAID Serbia Agribusiness Project – Weekly Report

Week of June 28th 2010
COTR: Djordje Boljanovic

POLICY/DAIRY: The Agribusiness Project, in cooperation with the Association of Agricultural Journalists “Agropress”, organized a conference on Agribusinesses and Renewable Sources of Energy - Potentials and Obstacles” which was held at the National Bank of Serbia, on June 29th. The objective of the Conference was to inform, and to engage stakeholders in a constructive dialogue, regarding the importance increasing the production and use of energy from renewable sources. The Assistant Minister from the Ministry of Energy & Mining presented the current regulations, focusing in particular on the Biomass Action Plan 2010-2012, new decrees on the requirements for obtaining the status of privileged power (green electricity), and producer incentives for power production from renewable sources. The Minister of Agriculture discussed the importance of biomass (plant and animal biodegradable waste material) resources, which represent more than 60% of the total renewable energy potential in Serbia. The event was very well attended, with nearly 200 representatives from government, industry, the development community, and the media.



Other Project Activities:

- **Environment:** To accelerate the delivery technical assistance & information, the Agribusiness Project organized, in cooperation with the Ministry of Environment & Spatial Planning, a workshop titled "Integrated Soil Management" for 35 crop-soil consultants, input dealers, water testing laboratories, and non-governmental organizations. The Report on the Status of Soils in Serbia, a deliverable of the Environmental Monitoring & Integrated Soil Fertility Management Activity of the Agribusiness Project, was also presented at the workshop. The results of the research done by many different institutes in Serbia on heavy metal content in soil substrates throughout Serbia (Cu, Pb, Fe, Zn, Cd, Mn, Ni, Cr and Co), which was presented by the Environmental Protection Agency, focused the attention of workshop participants, and the press, on the need for public institutions to disseminate environmental data to end-users. The welcome note for the workshop was given by Mr. Art Flanagan, Senior Adviser at USAID.
- **Berries:** At the start of the blueberry harvest season, the National Association of Serbian Blueberries (NASB), organized and delivered via its partner Agros Trade the first ever shipments of fresh blueberries to Austrian and Russian markets. The association has also successfully negotiated a supply contract with a buyer from Germany that will be executed next week. The Project has strongly contributed to establishment of the NASB, and building its capacities through a wide range of assistance, such as expert advice and capacity building during the foundation and registration processes.
- **Marketing & Sales:** The Agribusiness Project supported the participation of Serbian companies at two international trade fairs during the past week: the MIHAS show in Malaysia, and FANCY FOOD in New York. MIHAS is a predominantly halal oriented show, and this was the first time Serbian companies have been at the show. Five companies participated, and they contracted for \$70,000 of sales, with a potential for an additional \$1.1M in future sales. Six companies participated in the Fancy Food show, and they signed contracts for \$256,000 in sales, with an additional \$1.7M of potential sales.
- **Dairy:** Lazar Dairy has secured a loan for 1.0M€ from Societe Generale to build and operate a new biogas digester (using the technology offered by GHD of Wisconsin), which will utilize animal waste from their farm plus whey from their dairy processing plant. The Dairy Sector Lead, and AgBiz consultant Danijela Ilic, also helped the owner/manager of Lazar to prepare the necessary documentation for the location permit. Although this is seen as a potential success story, and a fine example of cooperation between a Serbian (dairy) and an American (biogas technology) company, the Project and the dairy manager are aware that this is a new technology for Serbian government institutions and bureaucratic obstacles are seen as a potential problem for the successful implementation of this activity.



USAID Serbia Agribusiness Project – Weekly Report

Week of July 5th 2010
COTR: Djordje Boljanovic

POLICY: The Agribusiness Project’s policy team has developed a scope of work, and technical documentation, to hire the local STTA, Vladimir Obucina, who will assist the General Inspectorate of the Ministry of Agriculture with the introduction of Risk Analysis IT tools. This task has been taken on by the Agribusiness Project to support the implementation of the Food Safety Law, which prescribes that measures applied to achieve a high level for the protection of human health and life must be based on risk analysis. In order to ensure proper implementation of the risk analysis, the General Inspectorate of the Ministry will need to have appropriate data and records, and procedures for reporting, monitoring and tracking the relevant factors and implementing corrective actions. These need to be organized and supported with an appropriate IT structure and computerized tools. The consultant will provide expert advice to the Ministry on the necessary changes for their IT structures and operations, in order to develop and introduce an efficient risk analysis system. The Agribusiness Project’s policy team has received all the necessary approvals for this STTA, and has signed a contract with the consultant. The task should be completed by the end of September 2010.

Other Project Activities:

- **Berries/Mushrooms & Herbs:** Agribusiness Project Regional office staff paid a visit to the recently established Cacak office of the Italian-Serbian Business Chamber. Project staff met with their local representative, and he explained that the main function of the office is to promote business cooperation between Serbian and Italian companies. At the meeting both parties presented their programs, and discussed areas of potential cooperation. One activity of particular interest is the Chamber’s capacity-building course in anti-hail protection being offered by their member, ag-input supplier “Elestra”. Representatives of the Chamber also showed high interest in the Culinaria fair, and will inform their offices in Belgrade and Italy regarding this opportunity. It was concluded that the most promising fields for cooperation are renewable energy, high-tunnels & anti-hail protection, and international trade fairs.
- **Mushrooms & Herbs/Grants:** Bilje Borca has now passed the final certification audit for the introduction of the ISO 22000 standard. Thanks to Project support, Bilje Borca has reported the creation of one new full-time position, and \$20,000 of additional product sales as a result of the grant. Since certification has only just been completed, they expect more significant sales increases over the balance of 2010. Project client Uca doo has also passed the final certification audit, and has obtained their certificate for the ISO 14000 standard. Based on Project support, Uca also reported the creation of one full-time position, and they expect to record sales increases over the balance of the year.
- **Berries:** As a continuation of the cooperation with Hargreaves Plants, the Project has agreed to provide logistic support for representatives who will visit Serbia in August. This activity will support the Project’s goal to assist with the introduction of new berry varieties which are suitable for Serbian conditions, and which are best suited for the fresh markets in the EU. The Berry Sector Lead is finalizing a schedule of visits and B2B meetings with clients (producers, processors, and nurseries), and ABDS providers, interested in adding these new varieties and/or products to their current portfolio.
- **Grants Program/M&E:** During the past week the Agribusiness Project reimbursed four Project grantees a total of \$19,471, as follows:
 1. *Adonis* received final reimbursement under the terms of grant agreement IC-FY-2-17, totaling \$7,131, following their successful ISO 22000 & ISO 14001 certification.
 2. *Fabrika komposta Uca* received final reimbursement under grant No. IC-FY-2-36, totaling \$6,025, upon successful completion of their ISO 14001 certification.
 3. *Macval Tea* received final reimbursement under grant agreement IC-FY-2-33, totaling \$4,120, following their successful implementation of the ISO 22000 certification.
 4. *Bilje Borca* received final reimbursement under grant agreement IC-FY-2-18, totaling \$2,196, following their successful implementation of the ISO 22000 certification.

Thanks to this Project assistance, these grantees have already generated additional sales amounting to \$190,000, and added seven new jobs in their production facilities.



USAID Serbia Agribusiness Project – Weekly Report

Week of July 12th 2010
COTR: Djordje Boljanovic

PRODUCER ORGANIZATIONS/COOPERATIVES:

The Business Training Program for Cooperative Managers started this past week with two-day training sessions in Zrenjanin and Zlatibor. This training program will continue through the month of July, and will be completed on July 30th. A total of 32 cooperatives will participate in the training sessions, and participants will be awarded a “*Training Certificate for Cooperative Managers*”, the first of its kind in Serbia. The program is being cost-shared with the Ministry of Agriculture, and as a follow-up activity a study tour to EU cooperatives will be organized for successful trainees later this year. The main goal of these trainings sessions is to improve the business skills of cooperative managers, to allow them to successfully manage their organizations. A total of 18 participants attended the sessions in Zlatibor, as can be seen in the photo at the right.



A total of 18 participants attended the sessions in Zlatibor, as can be seen in the photo at the right.

Other Project Activities:

- **Dairy:** The AgBiz Project’s technical assistance to prepare an application for the Protection of Geographic Designation (PGD) for Svrlijig cheese - Kriska – has been completed. Pogled Dairy, from Svrlijig, will submit the detailed application to the Intellectual Property Office, and the Ministry of Agriculture, for final approval and the award of the PGD for this specific type of Serbian cheese. It is expected that this protection of the Kriska cheese will allow Pogled to better position itself on the local dairy market, and nationally as well. In addition to the economic impact, this activity is important for the promotion of rural values and traditions in the Svrlijig region.
- **Policy/Tree Fruit:** The Agribusiness policy team, in collaboration with the Tree Fruit Sector Lead, finalized the Scope of Work for the Study on the Impact of Weather Conditions on Agriculture in Serbia and Modalities for Anti-Hail Protection. The goal of the Study is to analyze the status of existing systems for hail protection, and to recommend potential solutions for improving the system. A specific emphasis will be given to solutions for hail protection in the tree fruit sector, and in particular, the use of anti-hail nets. The Project team interviewed several consultants to select a team capable of performing this complex task, and the team will consist of a study coordinator, an expert capable of evaluating various anti-hail systems, an expert in meteorology, a finance expert who will prepare a cost-benefit analysis of different approaches, and a fruit specialist who is an expert in the use of anti-hail nets.
- **Monitoring & Evaluation:** The Project’s third quarterly results survey for Project Year Three has been completed. A total of 44 agribusinesses participated in the survey and reported results, including delivered sales of \$3.38M, out of \$5.56M contracted; with an additional \$4.02M still under negotiation. A total of 82 agribusinesses received technical assistance during the third quarter, while Project-funded workshops and training programs attracted significant interest, with a total of 1,091 attendees.
- **Gender/Grants:** The Project’s grant evaluation committee has completed a detailed review, and applicant scoring, of the grant applications submitted for the grant program to support entrepreneurship training for women in agribusiness. Eleven grant applicants have met the basic grant application requirements, and after the preliminary review were considered for further study. Out of this number, five grant applicants have been selected as the best proposals. These applicants have been asked to submit a detailed timeframe for their planned activities, and to confirm their proposed budgets.
- **Policy/Grants:** The first round of grants for international food safety and quality standards, launched in April 2009, has been completed. Out of 28 approved grants, 15 grant recipients successfully completed the certification process within the grant timeframe (six ISO 22000 certified, five GlobalGAP certified, one ISO 14001 certified, and three obtained both GlobalGAP and ISO 22000 or ISO 14001).





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**USAID Serbia
Agribusiness
Project**

USAID Serbia Agribusiness Project – Weekly Report

Week of July 19th 2010
COTR: Djordje Boljanovic

PRODUCER ORGANIZATIONS/COOPERATIVES: The first two training modules of the Business Training Program for Cooperative Managers have been completed. A total of four two-day sessions on Cooperative Business and Strategic Management, and Marketing, Selling and Communication Skills for Cooperative Managers have been conducted in Zrenjanin and Zlatibor. A total of 32 cooperatives' representatives participated in the training sessions. The program is being cost-shared with the Ministry of Agriculture, and as a follow-up activity a study tour to EU cooperatives will be organized for successful trainees later this year.



Other Project Activities:

➤ **Marketing&Sales:** M&S and ABDS staff met with the economic advisor at the Polish Embassy in Belgrade and agreed to collaborate in promoting Culinaria fair to potential exhibitors and buyers, and organizing sales missions/study tours for the Agribusiness Project clients in Poland.



➤ **Tree Fruit/PO:** Agribusiness Project will provide support to the newly founded Association of prune producers in organizing the conference on potentials of exporting Serbian prunes to Russia. The conference will present requirements of Russian market for importing prunes and potential for exporting them from Serbia, and host a number of B2B meetings between representatives of 15 Russian importers that will be coming to the conference and Serbian prune producers (members of the Association). Primary goal of the Association is to strengthen the position of Serbian prune producers at the Russian market, increase production quantity and quality, number of modern plum plantings and to create the brand of Serbian prunes at foreign markets. This activity will set basics for the development of this Association and create environment for further activities aimed at improving the level of prune production in Serbia.



➤ **Policy:** The USAID Agribusiness Senior Policy Advisor met last week with the Assistant Ministry of Agriculture Mr. Milovanovic and the key personnel of service provider SEEDEV to discuss the current status of work on the Study on the Impact of Liberalization on Serbian Agricultural Sector: Analysis of the effects of liberalization on Serbian agriculture within the SAA, the WTO accession and the bilateral free trade agreements with Turkey and Belarus. The focus of this discussion was: 1) Defining the criteria for selecting sectors and individual products within sectors that will be more thoroughly analyzed; 2) Evaluation of the importance of sectors and products (quantification of importance); and 3) Selection of sectors and products in cooperation with the Ministry of Agriculture, Forestry and Water Management.

The Project, Ministry representative and service provider agreed to select 15 specific agricultural products within the following sectors: Fruits; Vegetables; Cereals; Industrial crops; Meat; Dairy products and processed agricultural products. The products were selected based on the following criteria: 1) market size; 2) importance for rural development and nutrition; 3) size of trade and potential; 4) level of protection; 5) level of liberalization and 6) export potential. The selected products encompass some of the key commodities identified in Commodity Action Plan for Project sectors.





USAID Serbia Agribusiness Project – Weekly Report

Week of July 26th 2010
COTR: Djordje Boljanovic

Producer Organizations/Cooperatives: The Project assisted raspberry growers cooperative “Agro-Dragacevo” from Guca to host the Hungarian agricultural marketing cooperative “Morakert” delegation to hold a seminar in Guca (south-western Serbia). The seminar was attended by more than 60 participants from southern and western Serbia, mainly representatives of cooperatives, cooperative unions, farmers’ groups interested in forming new cooperatives, local development agencies and local government. The Hungarian cooperative explained the importance of farmers’ cooperatives in EU, how EU sees and supports the cooperative sector and what the available EU funds for cooperatives are. They presented their own cooperative model (the first of this kind in Hungary), a new generation of producer-owned and producer-controlled, marketing-oriented cooperatives. The Morakert Cooperative also extended some advisory services to the management and members of “Agro-Dragacevo”, mainly regarding the methods of creating an efficient internal organization for providing marketing services to its members. Participating Serbian cooperatives from the south-west agreed with Morakert to exchange information and prepare joint programs with Hungarian colleagues to apply for EU funds.



Other Project Activities:

- **Producer Organizations/Cooperatives:** The Business Training Program for Cooperative Managers, jointly organized and cost-shared with the Ministry of Agriculture, was completed on July 30th. Total of 33 agricultural cooperatives and 53 representatives of the cooperatives managements participated. The program encompassed six 2-day training sessions for two groups of cooperatives, in Zrenjanin and Zlatibor, covering the most important issues on Cooperative Business and Strategic Management, Financial Planning, and Marketing and Sales. The cooperatives have evaluated trainings as very successful and useful, and the participants who have completed trainings will be awarded a “*Training Certificate for Cooperative Managers*” in September 2010 at ceremony in Belgrade.
- **Grants Program/M&E:** *Halal Agency Serbia* received final payment in the amount \$4,750 within the grant agreement EG-FY-3-35, upon successful completion of the project that helped six Serbian companies to attend *World Halal Expo MIHAS 2010 in Kuala Lumpur, Malaysia*. The companies that participated in the show reported that they have signed contracts for the supply of \$70,000 worth of Halal products with new customers, and they are negotiating the supply of an additional \$1.1M of future sales. On July 28, the Project’s internal grant review committee conducted a detailed review of the following grant applications submitted within the grants program for associations: (1) National Association of Medicinal and Aromatic Herbs Processors and Exporters “Serbian Flora”, (2) “Fruit Land” Association, (3) Association “Forest Fruits of Serbia”, (4) National Association of Blueberry Growers “Serbian Blueberry”, (5) Business Association of Serbian Cold Stores and (6) Association for Medicinal and Aromatic Herbs “Dr. Jovan Tucakov” Sokobanja.
- **Marketing&Sales:** M&S team provided consultancy services to *Foodland* export manager on the export strategy to new potential markets and gave a list of buyers to be directly approached by the company. M&S team met with *Marni* Mushroom Company in Krusevac. They are currently proceeding through the bankruptcy process and a reorganization plan is to be accepted by the court. The Agribusiness Project has continued to support Marni in supplying them with potential buyers. Their exports for this year are on-track and more products are being shipped to the US market. M&S have also introduced Marni to EBRD attorneys who have assisted them with their reorganization plan and the bankruptcy process itself.





USAID Serbia Agribusiness Project – Weekly Report

Week of August 2nd 2010
COTR: Djordje Boljanovic

Marketing & Sales - ABDS/Finance: On the 4th of August, the Agribusiness Project office in Nis, in collaboration with the Regional Chamber of Commerce from Leskovac, organized a presentation of the Culinaria Food Show for agribusiness companies from southern Serbia. The Project's Marketing & ABDS Teams presented an overview of the fair, with a description of the purpose and goals of the show, and a presentation of the advantages companies will gain by participating. Approximately thirty company representatives attended this event, and they came from many of the cities and towns around Leskovac. Following the presentation, a number of participants signed up for the fair, and many of the others expressed a strong interest in participating. In addition to the presentation to the companies, the event had excellent local media coverage, and the interviews given to the local media outlets by Agribusiness Project staff members were broadcast on some of the local TV stations on the 4th, and on the following day.



Other Project Activities:

- **Berries:** During the week the Berry Sector Lead hosted managers from the UK company, Hargreaves Plants, which has supplied cultivars for new berry varieties to Serbian fruit companies. The Sector Lead organized a series of B2B meetings with selected berry sector client firms, which allowed the managers of those companies to review the overall situation in the berry market, and to discuss the relative advantages and disadvantages of new raspberry plant varieties. Hargreaves is the only source for the new raspberry variety, Polka, which is one of the best varieties available for the fresh market. This visit is a further step in the introduction of new berry cultivars which are suitable for the fresh market.
- **Dairy:** The Dairy Sector Lead met with clients in central and southern Serbia this past week as part of the process of developing the Year Four Workplan for the Dairy Sector. Mladost and Kuc, in Kragujevac, are well informed on trends in the industry and are able to compete in the market. However, from meetings with Vihor Dairy, and VEDA (Vranje Economic Development Agency), it is apparent that dairies in less developed regions have serious challenges in maintaining their businesses. The Dairy Sector Lead also met with the USAID field office in Vranje, to provide them with updates on current Project activities, and on plans for the Dairy Sector in the coming year.
- **Communication:** In collaboration with RTS (the national TV station), the editor of the "Znanje Imanje" TV show (the highest-viewer-rating agricultural show in Serbia) interviewed Nenad Popadic during the filming of the next episode of the show. This show, with Nenad's interview, will be aired on Sunday, August 15th. During the interview, which was filmed in the ethno village Glusci, in Bogatic municipality, Nenad presented details regarding the upcoming Culinaria Food Show.
- **Environment:** This past week the Project issued an RfP for Cleaner Production (CP) Feasibility Studies. With this program the Project will engage selected Cleaner Production ABDS providers to prepare studies on the Project's CP client firms to see what additional measures they can take to further reduce their environmental impact. These studies will then become the basis for a grant program, which will support these firms with the implementation of these additional Cleaner Production measures.
- **Grants:** This past week the Project's Grant Review Committee reviewed the applicants for the program to support the development of Agribusiness Associations. A total of fifteen organizations responded to the announcement, and ten of these applications met the basic criteria needed to qualify for further consideration. These ten applicants have been invited to submit further information, mainly additional budget and cost information, which will then be used in the final review and grantee selection.





USAID Serbia Agribusiness Project – Weekly Report

Week of August 9th 2010
COTR: Djordje Boljanovic

POLICY/DAIRY: The Dairy Sector Lead consulted with dairy sector Project client firms regarding the current market situation for fluid milk. The Policy Specialist, and other professional staff, also made contacts with individuals in the dairy industry in Serbia to collect additional data on the apparent shortage of fluid milk in some retail outlets. Following this data collection exercise the Agribusiness Project staff reviewed the information collected and condensed it into a one page summary report that was provided to the USAID Mission in Belgrade. The main conclusion is that, although Imlek has a dominant position in the fluid milk market, the apparent milk shortage is a result of multiple factors, including payment delays to suppliers by the retail chains and the fact that milk production declines in the summer as a result of the heat and humidity. A copy of the one page summary report provided to the Mission on this situation is attached to this Weekly Report.

Other Project Activities:

➤ **Vegetables:** The Vegetable Sector Lead held a meeting in Zajecar on Thursday to introduce the selected consultant for the Timok Region Vegetable study, Dr. Andjelko Miskovic, to the RARIS staff and other local agency representatives. Information collected by municipality representatives was discussed, and a work program for the next four weeks was developed. Each Consultant visit to the region will last two days, and during each visit the Consultant will visit two municipalities, four vegetable producers, two processors, and selected extension service providers. Logistical arrangements for the Consultant will be provided by the Agribusiness Project and RARIS. Based on the plan developed, the field work will be completed by September 3rd, and following that the Consultant will prepare the sector study, with his recommendations for vegetable sector development. A public presentation of the study is now planned to take place the first week of November, in the Zajecar municipality. The map at the right shows the location of the Timok region in Serbia, and it includes most of the easternmost municipalities of the country.



➤ **Grants/Gender:** USAID has provided final concurrence on the five grant applications selected for grant awards as part of the Women’s Agribusiness Entrepreneurship training program. The Project will award grants totaling \$141,815 to the NGOs selected to implement this program. The selected grant applicants will design and deliver business training programs in the following regions of Serbia:

- | | |
|--|---------------------------------------|
| 1. <i>The Association of Business Women {Nis}</i> | <i>Nis, Gadzin Han and Prokuplje</i> |
| 2. <i>Economics Institute {Belgrade}</i> | <i>Leskovac and Vranje</i> |
| 3. <i>XAOSolutions {Belgrade}</i> | <i>Sabac, Valjevo and Uzice</i> |
| 4. <i>Center for Entrepreneurship {Kragujevac}</i> | <i>Kragujevac, Kraljevo and Cacak</i> |
| 5. <i>Be Your Own Boss {Belgrade}</i> | <i>Zajecar, Bor and Pirot</i> |

The grant program to support women’s entrepreneurship in agribusiness has been developed to support women-owned start-ups through a business training program and a follow-up micro-grant scheme for the most promising business plans created by participating women.

➤ **Tree Fruit:** The Tree Fruit Sector Lead met the manager of Frigonais in the Nis office to discuss activities planned for Year Four for southern Serbia. Frigonais will, in collaboration with the Project, organize training events for sour cherry producers from the Kursumlija region, with a focus on fruit production technologies. A special emphasis will also be placed on plant protection practices, which need to be adjusted based on the new Russian requirements for Maximum Residue Levels (MRLs).

➤ **Policy:** The Agribusiness Senior Policy Advisor met with the Assistant Minister of Agriculture, Mr. Milovanovic, and key personnel of the service provider SEEDEV, to assess the progress on the Study on the Impact of Liberalization on the Serbian Agricultural Sector, and to discuss follow-on work. As per the service contract, the vendor has submitted the initial General Tariff Analysis Report to the Project, and an initial payment of \$18,330 has been made. The vendor has also provided the Project with a draft version of the full study, which is now under review by Project staff.

USAID Serbia Agribusiness Project

Response to Questions re: Milk Supply

The USAID Mission inquired regarding the issue of Imlek “artificially” causing milk shortages to cause milk prices to increase. The Agribusiness Project response to this issue is as follows:

The current availability of fluid milk, and its retail price, are very complex issues. Imlek does control much of the fluid milk production in Serbia, but it is not the sole dairy that supplies fluid milk to the retail market. Our inquiries lead us to believe that market forces are the root cause of the current milk supply situation, and that there has not been an effort by the dairy processors to “artificially” influence the milk supply, and the retail price of milk. It appears that the following factors have led to the current milk supply situation:

- Dairy processors have cut off supplies of milk, and milk products, to those retailers who are not respecting the payment terms of their contracts. It is well known that some of the larger food retailers have been delaying payments to their suppliers – sometimes up to 120 or 180 days – and the dairies are now refusing to supply new product to these retailers until they become current in their payments for products supplied previously.
- With this termination of supply to the retailers, the dairy plants have shifted some of their milk processing to the production of milk powder, which is more profitable for them at this point. There is currently a very high tariff imposed on imported milk powder, and this makes milk powder more profitable than fluid milk for the dairy processors.
- While the supply of raw milk appears to be adequate at this time, there are factors in play that normally serve to reduce the supply of raw milk. Dairy cows produce less milk during the summer, due to high heat and humidity. This is a natural process, and it can be mitigated somewhat with fans and misters, but that requires investment on the part of dairy farmers.
- The dairy herd size is also declining, as smaller farmers sell off their cows and abandon dairy farming. The relatively low farm-gate price for milk, and increases in the cost of inputs and production costs, have made dairy farming un-profitable for many small farmers.

The Agribusiness Project will be continuing assistance to the dairy sector over the remainder of the Project, with the goal of making the dairy sector more competitive. Production factors that can be influenced by policies and regulations, and which could contribute to making the dairy sector more competitive both for the domestic market and internationally, are:

- Dairy processors should establish well defined criteria & standards to pay for better quality milk, which would encourage farmers to improve their productivity, and increase milk quality.
- A national laboratory system for milk testing would create an independent, and unbiased, system to determine raw milk quality, and to support fair milk prices for the farmers.
- Any incentives created for the dairy industry should focus on assistance to farmers to improve the quality of their herds, via animal purchases and/or artificial insemination services.
- The Ministry of Agriculture should develop, and adopt, a comprehensive strategy for the promotion and development of the dairy industry in Serbia, as recommended by the EU.

As part of this effort the Agribusiness Project will be assisting the Ministry of Agriculture, the Municipality of Kragujevac, and Kuc & Mladost Dairies, to establish a regional training program in the Sumadia Region for dairy farmers. This program will provide small & medium scale dairy farmers with the technical skills and abilities they need to improve quality & productivity.

USAID Serbia Agribusiness Project – Weekly Report

Week of August 16TH 2010

COTR: Djordje Boljanovic

VEGETABLES/COMMUNICATIONS: On August 21st and 22nd the Serbian FOX TV network broadcast an interview with Radmila Vucinic, the Vegetable Sector Lead, which was included in their weekly TV show “Domacin”. During the interview, Radmila presented an overview of the Project and the sectors selected for assistance. She also mentioned the International Standards Grants and the Youth Business Plan competition. Radmila presented FOX TV with some copies of the post-harvest manual that the Project has printed, and the TV station has received many calls from viewers requesting copies of the manual. The Project will provide FOX



with additional copies that can be distributed to interested viewers. Radmila, and the Novi Sad Project office, has been getting calls from people who saw the show, and they have been inquiring about receiving Project assistance and/or getting copies of the manual. This broadcast was the fourth in a series of broadcasts that FOX is doing with the AgBiz Project. Previously they broadcast three interviews with Youth Business Plan competition winners. The picture at the right is a screen shot of Radmila during the interview broadcast.

Other Project Activities:

- **Grants/Youth:** *Junior Achievement Serbia* received the final cost reimbursement upon successful completion of their grant funded training program. With this program JAS provided entrepreneurship training at 25 agricultural high schools around Serbia. Teachers involved in the project appreciated the fact that the Ministry of Education has accredited the JAS program and training, and they received certificates that will help these teachers to renew their teaching licenses. Following completion of this training program, the Agribusiness Project will launch the third round of the Youth Business Plan Competition, providing an opportunity for students to receive a business start-up grant from the Project.
- **Producer Organizations/Tree Fruit:** The Tree fruit Sector Lead and the PO Specialist met with the Secretary of the Association of Serbian Prune Producers to arrange the final details regarding the national conference on prune production and exports that will take place in Valjevo, from August 27th to the 29th. The Agribusiness Project will provide partial funding to help this newly established association to organize the conference, lobby for its members, and bring Russian importers of dried fruits to Serbia.
- **Berry Fruit:** The Berry Fruit Sector Lead visited the small firm Agrar Plus, a Project client dealing with fruit and vegetable production for the local and international fresh markets. Agrar Plus is one of the first Serbian firms to adopt the Polish raspberry cultivar Polana, and with Project assistance they have started production of Polka, another new variety from the same breeder. The manager at Agrar Plus confirmed that, thanks to its superior quality and extended shelf-life, Polka has enabled the company to meet customer expectations, and enter new export markets. During the 2010 season Agrar Plus has managed to establish the first ever Serbian exports of fresh raspberries to the Czech Republic and Montenegro, and these exports have totaled \$59,000 so far in 2010. The photo shows fresh berries packed for export.
- **Environment:** The Environmental Specialist and Sabina Jusufovic, the USAID Field Rep in Novi Pazar, met with the Mayor’s Advisor in Novi Pazar to discuss future AgBiz Project activities in the Sandzak region. The need to expand agribusiness development initiatives in the region was clearly identified during the meeting, but also it was noted that the sub-region (Novi Pazar, Tutin and Sjenica) has had a greater focus on non-agricultural businesses in the last 20 years, and as a result there are not many agribusiness firms in the region. Mr. Hasanovic suggested that the AgBiz Project should focus on the promotion of Cleaner Production, and more on Sjenica and Tutin, than on Novi Pazar enterprises.





USAID Serbia Agribusiness Project – Weekly Report

Week of August 23rd 2010

COTR: Djordje Boljanovic

DAIRY/COMMUNICATIONS: On Thursday, August 26th, the US Ambassador and the Deputy Minister of Agriculture participated in a kick-off event for the “Development of a Sustainable Dairy Sector in Sumadija” project in Lapovo and Kragujevac. The event included a tour of the Kuc dairy farm and the dairy training center in Lapovo, a signing ceremony in Kragujevac, and a tour of the Mladost dairy plant. This project is an excellent example of a Serbian public-private partnership implemented with USAID support. This project brings together resources from the Ministry of Agriculture and two private dairy companies to provide technical training for private dairy farmers in the Sumadia region. The event received significant local and national press coverage, including news reports from two national news agencies (Beta & Tanjug), stories in seven local and national newspapers, and five TV broadcasts (3 local, 1 regional, and RTS). The event was also reported on 14 internet news sites, including the key Serbian news sites www.naslovi.net and www.vesti.rs. The picture at the right shows Mr. Jezdimir Kuc, the owner and manager of Kuc Dairy, with the US Ambassador and the Deputy Minister of Agriculture.



Other Project Activities:

- **Grants/Gender:** On August 23rd, the Gender Program staff held an orientation meeting with the five grant applicants selected for implementation of the Women’s Agribusiness Entrepreneurship training program. The Agribusiness Project Chief of Party opened the meeting, welcoming the grant recipients and expressing his satisfaction that the program for Women is now being launched. The grant recipients had an opportunity to ask questions, and clarify any issues regarding program implementation. The Grant Manager explained the technical details of the grant agreements, and the reporting documentation required. The timeframe for implementation of this program is September 2010 to March, 2011.
- **Producer Organizations/Tree Fruit:** The first Russian-Serbian conference of producers, exporters and importers of prunes was held last week in Valjevo, the center of plum growing in Serbia. This conference was organized by the recently established Serbian National Association of Prune Producers, with partial financial support from the USAID Agribusiness Project. This association brings together the nine largest companies in the business of plum processing and trading, with the goal of improving the production and export of prunes. The Serbian Minister of Agriculture, and the Russian Ambassador opened the Conference, which was well attended by Serbian prune producers, and the ten largest Russian importers of dried fruits. The Russian companies that came to Serbia have not imported directly from Serbia in the past, and this conference served to create direct linkages between them and the Serbian exporters. The picture at the right shows some of the participants at the conference.
- **Environment:** The Project organized a Cleaner Production workshop in Nis – Infodays on Cleaner Production in Agribusiness – in collaboration with the Nis Department of Agriculture & Rural Development, and the Ministry of Environment and Spatial Planning, which was conducted for the interested agribusinesses from the region. Mr. Danijel Dasic, and staff from the LEDIB program, took part in the workshop as well. The objective of the workshop was to enhance the awareness and knowledge of owners/operators of food processing companies regarding the benefits of the CP program offered by the Agribusiness Project. More importantly, the workshop provided interested companies with information on the CP technical and process options which can enhance their energy efficiency and mitigate emissions. During the workshop, Project staff requested that company participants submit letters of interest for participation in the CP in Agribusiness assistance program for the coming year.





USAID Serbia Agribusiness Project – Weekly Report

Week of August 30th 2010

COTR: Djordje Boljanovic

YOUTH GRANTEES: Over the course of the past two weeks Agribusiness Project staff have been visiting the Youth Enterprise Grantees from the first two Youth Grant program cycles. There are a total of 16 grants that have been awarded in these two cycles, and 11 of these grantees were visited. In general the grantees are making good use of the funds provided by the program, and they are making progress on the establishment of their new businesses. In the coming year the Project will make a more serious effort to incorporate these grantees into the overall program of activities, and to link them with the ABDS providers the Project is supporting. The following four grantees are good representatives of the overall impact of the Youth Enterprise Grant program:

➤ **Nemanja Stancic – Fruit & Vegetable Drying Facility:** Nemanja is establishing a new facility to produce dried fruits, vegetables and herbs. He recently completed the installation of the drying equipment which was purchased with Project Grant funds, and he will start production of dried plums (prunes) by the end of September. As a result of this expansion of his business he will create three new jobs in the village of Aleksinacki Rudnici (South Serbia).

➤ **Vladan Radojevic – Strawberry production in Plastic Greenhouses:** With grant assistance Vladan will improve the production capabilities of his farm via the installation of some plastic greenhouses for his strawberry fields. Thus far he has planted the strawberry plants with plastic mulch, and in the coming weeks he will build the greenhouses to protect them and to extend the production season. Vladan is from the village of Natalinici (near Topola), and he expects to generate revenue of \$43,000 per year from his strawberries and to employ six seasonal workers. The picture shows Vladan inspecting his strawberry plants.



➤ **Milos Erceg – Goat Cheese Production:** Milos is a registered goat dairy farmer located in the village of Kucura, near Vrbas, which is about 40km north of Novi Sad. The Project grant will enable him to build a new facility to process his goat cheese, which he uses to produce goat Feta and hard cheeses. Milos has also attended some of the AgBiz Project's training events, and made business connections with Project assistance, and he is very interested in future collaboration with the Project. He expects to generate new sales of \$60,000 with this project activity, and add 4 new employees.

➤ **Sasa Cosic – Vegetable Production in Green Houses:** Agribusiness Project funds are being used to improve the production capabilities of this grantee's farm, mainly to improve the yield of his vegetables. At this point he has built four greenhouses, which also include drip irrigation systems, where he will be producing his vegetables. He also has open field production of red peppers. Sasa expects to realize an additional \$13,000 in income from this project, and to employ one full-time worker and 10 seasonal workers. The picture at the right shows Sasa's vegetable production in one of his greenhouses.



➤ **Djurdjinka Berberski – Milk & Traditional Cheese Production:** Djurdjinka and her family own a farm in Zrenjanin where they produce milk and traditional hard cheeses from Vojvodina. With Project grant assistance she will be installing a new milking machine, and other equipment, to modernize their milk production capabilities.



Djurdjinka expects these new items will result in \$19,000 of additional farm income, and it will create one new job. The picture at the right shows a cheese platter Djurdjinka prepared for the Project which was used for the orientation meeting for the new USAID Serbia Mission Director.



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FROM THE AMERICAN PEOPLE

USAID Serbia Agribusiness Project

USAID Serbia Agribusiness Project – Weekly Report

Week of September 6th 2010

COTR: Djordje Boljanovic

MARKETING & SALES/COMMUNICATIONS:

On September 9th the Agribusiness Project organized a Media Brunch to present the Culinaria Food Show to media representatives to insure that the event receives an appropriate level of coverage and promotion in the local media. The new USAID Mission Director, Ms. Susan Fritz, accompanied by Lou Faoro, greeted the journalists and presented a review of Project activities that support Serbian companies to exhibit at foreign trade shows. The Project's Director of Marketing & Sales also made a presentation on the Culinaria show,



explaining why the Project decided to support it and how it will assist Serbian agribusinesses to increase sales, and develop access to new foreign markets. The Media Brunch was attended by a more than 20 media representatives, including the Danas and Blic Zena newspapers, the Pregled economic daily, Tanjug news agency, Fox TV, Serbian diaspora TV, and specialized food & beverage magazines such as Caffè & Bar, Salt & Pepper, and others. The picture at the right shows Mission Director Susan Fritz (on the left) participating in the presentations at the Media Brunch.

Other Project Activities:

- **Culinaria Update:** Currently Culinaria has a total of 80 exhibitors signed up for the show. The number of exhibitors is still changing, as some companies cancelling at the last moment, but there are also new companies signing up. Exhibiting companies are coming from all six of the former Yugoslav republics, as well as Italy, Bulgaria, and Austria. Given this is the first time this show has taken place, it is encouraging to see such good participation by local companies, and by foreign companies. The fact that will separate this show from other trade shows organized in Serbia is that it is a business oriented show, and Culinaira will have one day reserved for buyers only. For this purpose the Project has reserved 60 rooms in local hotels which will be used to house more than 100 foreign buyers who will be coming to the fair. Buyers from all the regional countries have confirmed their participation, and buyers from Lidl Croatia, Mercator Bosnia, Bokac Slovenia, SP Macedonia, and some of the largest retail chains from the UK and Ukraine (Tesco and ATB) are also expected. The ultimate goal is to have the Culinaria Food Show become the largest fine food show in South East Europe, and to have the Culinaria show in 2012 (the final year of the Project) have more than 300 exhibitors. This year the Culinaria Food Show will take place at the Belexpo center, in Belgrade, from September 23rd to the 25th.
- **Tree Fruit:** As part of the STTA assignment for a Feasibility Study on Fruit & Vegetable processing for the Agrar Komerc company, the initial technical specifications and diagrams of the technical process for the production of dried fruit and vegetables and the installation of equipment has been completed. Trial production of dried plums has begun, and the production of dried pears, apples, and peaches will take place in the coming weeks. The remaining activities under this STTA will be the analysis of the final products, and performing training for employees in the new technical processes. The completion of the assignment, and final report, is expected to take place by September 30th.
- **Berries/Producer Organizations:** Following the establishment of the National Association of Serbian Blueberries in late 2009, members of the Agrobot Cooperative from Bajina Basta (one of the founding members) decided to transition from being a cooperative to becoming an association, and to delegate commercial activities to the members of the NASB. The newly established association "BB Borovnica" will have 12 founder/members, who produce blueberries on more than 3ha, and it will represent and assist them in organizing production and marketing activities. The Berry Sector Lead attended the foundation assembly meeting on September 11th, and provided advice to the steering board on defining association's foundation and strategic papers, and presented the assistance the Project can offer.



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USAID Serbia Agribusiness Project

USAID Serbia Agribusiness Project – Weekly Report

Week of September 13th 2010

COTR: Djordje Boljanovic

MARKETING & SALES: The Agribusiness Project supported the participation by nine Serbian companies at the World Food Moscow trade fair, which took place between the 14th and the 17th of September. The companies that participated are very satisfied with the experience, and the results are far better than expected. There seems to be a general shortage of supply for many fresh fruit items, and as a result the Russian buyers were looking at Serbia as a new source of fruit which could be used to replace some of their traditional suppliers – and in particular to replace Poland as a supplier of apples. As an example, Fruitland signed a contract with a Russian customer and they will supply one truckload of apples per day until the end of the year. The Serbian Prune Association has reached an agreement to supply 1,000 tons of prunes to a Russian buyer, and they will sign a contract with their members when they return to Serbia. Project consultant Andriy Yarmak also participated at the fair and he was able to bring in a number of new, and important, buyers. The Serbian firms stressed how having someone who the buyers know make the introductions has greatly facilitated their contacts and negotiations. Besides the new contacts that clients have made, the sales results were very encouraging. Participating firms signed contracts with a total sales value of \$5.4M, and they are still in negotiations for an additional \$6.1M in new sales. The photo at the right shows the Serbian booth at the fair, which was busy all the time!



Other Project Activities:

- **Communications:** In order to announce and promote the upcoming Culinaria fair, the Director of Marketing & Sales and the ABDS/Finance Advisor participated in three national TV shows: the Fox TV "Domacin" show, the "Mira-Adanja Polak" Show on RTS2, and the "Zikina sarenica" show on RTS1, which were all broadcast this past weekend. These shows have very high viewer ratings, and target the general population, as well as the general agricultural interest audience. Interviews with the prominent economic daily "Privredni pregled", and the B92 morning program, are scheduled for this week.
- **Tree Fruit/Marketing:** The Tree Fruit Sector Lead organized a visit to ZZ Domacin and Greeny for representatives from the Ekvator company from Russia. This company contacted Project staff during World Food Moscow and asked for recommendations on fresh fruit suppliers from Serbia. The Manager of Ekvator was very satisfied with the quality of fruit and packaging at ZZ Domacin and they will enter into negotiations with the cooperative manager next week. Buyers from Russia are also interested in the purchase of 2nd class fruit from Greeny, which has suffered severely from hail this season. An advantage of these contacts is the fact that Ekvator will be a direct buyer, which will enable the Serbian producers to avoid intermediates which are the biggest constraint in achieving higher export prices.
- **Dairy:** This past week the Dairy Sector Lead meet with several clients in southern Serbia to discuss their plans for 2011, and potential Agribusiness Project support. The Dairy Sector Lead has found it important to see firsthand where the Project can contribute to these companies, and to expand Project exposure in the south. One of most active companies is Velickovic Dairy, which has already received support from the Project for the introduction of the ISO 22000 standard. This small dairy, which has a good vision for the future, anticipates the development of new products for both the local and external markets. Velickovic plans to cooperate with the Project in the coming year on cheese production.
- **Policy/Ag Info:** The Agribusiness Project Senior Policy Advisor, and USAID Economic Advisor Art Flanagan, visited the grain and vegetable producer Stipan Kjudzic who is the first individual user of the warehouse receipts system in Serbia. The purpose of the meeting was to gather information on the operation of the system directly from the beneficiaries. Mr. Kjudzic deposited a portion of his 2009 wheat harvest in the warehouse "Zitko", and received a short-term loan from Komercijalna bank, using his stored wheat (and his Warehouse Receipt) as collateral. With the subsidy provided by the Ministry of Agriculture, the loan was issued with a 3% annual interest rate. Mr. Kjudzic then sold the wheat following a substantial increase in price compared to last year's price at harvest time.



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USAID Serbia Agribusiness Project

USAID Serbia Agribusiness Project – Weekly Report

Week of September 20th 2010

COTR: Djordje Boljanovic

Marketing&Sales/ABDS/Communications

U.S. and German Ambassador, Serbian Minister of Agriculture, Vice-president of the Serbian Chamber of Commerce and the Project CoP participated at the Culinaria Fine Food Fair opening ceremony on Thursday, September 23, 2010. The event received unprecedented media coverage (11 TV crews were present). Over 30 reports on the first specialty food trade show opening were carried in all national media including several reports in news programs on the national RTS (including Dnevnik 2, the highest viewer rating show in the country), TV B92, TV Pink, TV Avala, TV Kosava, and TV Fox. Reports were also published in key newspapers Vecernje Novosti, Blic, Politika, Dnevnik Novi Sad, Narodne Novine Nis and others, as well as on all major internet sites for news (including www.vesti.rs and www.naslovi.net). Over the weekend, lengthier pieces covering the fair as a whole and with interviews with some of the exhibitors/buyers were broadcasted on RTS (Znanje-Imanje and Mira Adanja Polak show) and on TV Fox (Domacin show).



Other Project Activities:

- **Dairy:** USAID Agribusiness Project was represented at the opening of the MOA Department for Rural Development in Sremski Karlovci. This is a part of MOA initiative to decentralize institutions, where USAID Agribusiness Project and Deputy Minister for Rural Development agreed to cooperate more closely in Agribusiness Project Year IV on Serbian transition towards EU. Special attention will be given to Dairy, Meat and Vegetables and Rural Development in remote South Regions, for which MOA already developed operational plans.
- **Herbs&Mushrooms:** H&M Sector Lead organized visit for Sabina Jusufovic, Novi Pazar FO Manager, and Billy Woodward, Democracy and Governance Office to the Project's clients from Arilje. USAID official used this opportunity to learn about situation in the sector and the USAID Agribusiness Project assistance to BMD Company and Agriculture Innovation Center in the town of Arilje.
- **Berry Fruit:** Prof. Mihailo Nikolic, the Project's consultant for berry fruits, continued provision of advisory assistance to project clients advancing towards introduction of production of berries under tunnels. Together with the berry fruit sector lead, Mr. Nikolic met with representatives of the Serbian National Blueberry Association, Frutto and Agricultural Innovation Center in Cacak, Pozega and Arilje respectively, reviewed current status and provided advice regarding future steps. With the assistance provided from the Project, the clients have resolved issues related to construction of high-tunnels, procured most of the elements, developed a project that will enable them to access EU funds, as well as established trial production of raspberries in pots.





USAID Serbia Agribusiness Project – Weekly Report

Week of September 27th 2010

COTR: Djordje Boljanovic

Vegetables

The Project's client "Planten" from Irig, the leader in vegetable seedling production, opened the first hydroponic lettuce production in Serbia. With application of this latest technology in this type of vegetable production, which is still rare in this part of Europe, "Planten" will grow 18 varieties of lettuce which will be sold to local and foreign buyers. This type of production is very specific with all processes being controlled giving the top quality products according to all relevant food safety regulations. "Planten" will present their products on "Sial" trade fair in Paris in October this year.



Other Project Activities:

- **Tree Fruit:** Local STTA consultant Milan Dopudja has completed his assignment of assessing capacities of "Agrar Komerc" company to start processing of low class fruit and vegetables. Recommended technologies refer to fruit and vegetable drying and production of fruit purees. The newly applied technologies within the company will enable Agrar Komerc to lower their losses originating from low quality fruit and raise incomes by USD 200,000 in the coming year. Besides, it is estimated that incomes of company's suppliers will increase by 10% due to ability to sell their lower quality products.
- **Berry Fruit:** As result of Hargreaves Plants representatives' visit to Serbia organized by the Project in August 2010, several clients decided to purchase new varieties of raspberries from UK which will help them to diversify production and extend season. The sector lead is coordinating orders and other preparations for joint import to be done in late 2010/spring 2011.
- **Grants Program/M&E:** During last week, the USAID/COTR has provided a final concurrence to four grant proposals in a total amount of \$149,411, submitted within the Grants Program for the Associations Development by the following associations: "Fruits of Serbia", "Agroindustry Cluster", "Forest Fruits of Serbia" and "Serbia Organica".
- **Communications:** USAID Agribusiness Project participated at the 4th Agriculture Fair in Nis. Together with LEDIB and HELP, the Project had a stand where promotional materials were distributed.





**USAID Serbia
Agribusiness
Project**



USAID Serbia Agribusiness Project

Annual Report – Project Year Three

October 1, 2009 – September 30, 2010

Annex V – Project Training Events

- I. Training Seminars
- II. Workshops
- III. Conferences
- IV. Trade Fairs

I. TRAINING SEMINARS

- 1) Training on irrigation and fertigation of apple orchards was organized in Novi Sad on 1 October, 2009 for 28 participants. The training was conducted by the Project's STTA, Prof. Brian Boman from the University of Florida, and it has covered the following issues: water use and irrigation, fertilisation, fertilising through drip irrigation system - fertigation, system maintenance, control of automation and frost protection. The goal of this training was to present ways of improving irrigation and fertigation technologies to beneficiaries that would subsequently lead to reduction of production costs.
- 2) Bovine Respiratory Disease Complex Training was held on 28 October, 2009 on PKB farms with 66 participants, veterinary practitioners and it was co-organized with the Faculty of Veterinary Medicine Belgrade and Moredun Research Institute, UK.
- 3) A five-day Farm Management Training was organized on 14-18 November, 2009 in Kanjiza for 17 participants. The training was delivered by the Project's STTA Rick Costin, Farm Management Specialist.
- 4) Sales and Marketing Preparatory Training for upcoming fairs, Fruit Logistica and Biofach was organized at Zira Hotel, Belgrade on 14 December, 2009 for 28 participants.
- 5) Training of blueberry stakeholders to form national organization based on a new law on associations was held on 28 December, 2009 at Fruit Research Institute in Cacak with 29 participants.
- 6) Training of MAP processors and exporters to form national organization based on a new law on associations was organized on 29 December, 2009 at Project's office for 8 participants.
- 7) Fruit and Vegetable Market Research Training was organized at Zira Hotel, Belgrade on 25 January, 2010 for 22 participants.
- 8) Training: "Support to restructuring and registration of Serbia Organica Association based on a new Law on Associations" was held in Belgrade on 29 January, 2010 for 11 participants, association members.
- 9) Farm Management Training 3 for vegetable producers and ABDS providers took place in Kovacica from 8-15 February, 2010 for 20 participants. The training was delivered by the Project's STTA Rick Costin, Farm Management Specialist.
- 10) Junior Achievement Titan Simulation Day and Banks in Action Training, a part of Grant EG-FY-3-24, *Introduction of Junior Achievement in Agricultural High Schools in Serbia*, was organized on 12 February, 2010 for 100 students from 15 high schools from Belgrade.
- 11) Trainings of the new schools and teachers, a part of Grant EG-FY-3-24, *Introduction of Junior Achievement in Agricultural High Schools in Serbia*, were organized on 18 February in Futog, on 19 February at British Council in Belgrade and on 28 March, 2010 in Zrenjanin for 87 participants.
- 12) Training on apple post harvest management and ULO storage was organized and delivered by the Project's STTA Mr. Christopher Watkins on 26 February, 2010 in Belgrade for 14 participants.
- 13) Training on Market Analyses for Blueberry Association was held on 10 March, 2010 at the Project office, Belgrade for 14 participants.

- 14) Training Programs - Beef Quality Assurance and Farm Management, a part of Grant EG-FY-3-25, were organized by the Grantee Agrar Kontakt on 17-18 March in Nis, on 23 March in Pozega and on 30-31 March, 2010 in Kraljevo for 332 participants.
- 15) Training Programs - Beef Quality Assurance and Farm Management, a part of Grant EG-FY-3-25, were organized by the Grantee Agrar Kontakt on 19-20 April in Vranje and Bujanovac, and on 25 May, 2010 in Veliki Siljegovac for 192 participants.
- 16) Junior Achievement Innovation EXPO, a part of Grant EG-FY-3-24, was organized in Belgrade by the Grantee Junior Achievement Serbia on 21-25 April, 2010 for more than 130 young entrepreneurs from 11 European countries and Serbia.
- 17) Marketing training of Halal Products in Islamic Countries was held in the Project's office in Belgrade on 27 April, 2010 for 25 participants. The training was delivered by the Project's STTA Cedomir Nestorovic.
- 18) Cranberry Production and Propagation Technologies Training was held on 1 May, 2010 in Belanovica by the Project's STTA Robert Tomesh for 16 members of ZZ Prima Borovnica.
- 19) Training for companies - Transformative Leadership for Business – How to Create a Culture of Success was organized on 3-5 May, 2010 at Hotel Zira in Belgrade for 15 participants. The training was delivered by the Project's STTA Peter Swanson.
- 20) Cranberry Production and Propagation Technologies Training was held on 4 May, 2010 in Zemun by the Project's STTA Robert Tomesh for 90 students and professors of Faculty of Agriculture - University of Belgrade.
- 21) Cranberry Production and Propagation Technologies Training was held on 5 May, 2010 in Cacak by the Project's STTA Robert Tomesh for 62 students and professors of Faculty of Agronomy - University of Kragujevac and interested companies.
- 22) Training for trainers - Transformative Leadership for Business – How to Create a Culture of Success was organized on 6-10 May, 2010 at Hotel Zira in Belgrade for 13 participants. The training was delivered by the Project's STTA Peter Swanson.
- 23) Training for companies - Transformative Leadership for Business – How to Create a Culture of Success was organized on 11-13 May, 2010 at Hotel Zira in Belgrade for 19 participants. The training was delivered by the Project's STTA Peter Swanson.
- 24) Pre-Departure Orientation training was organized on 13 May, 2010 in the Project's office in Belgrade by the World Learning, local STTA Mr. Nikolic and the Project staff for 10 participants of the Study Tour to Spain.
- 25) Marketing training for MIHAS fair 2010, a part of Grant EG-FY-3-35, was organized in the Project's office in Belgrade by the Grantee Halal Agency Serbia, Malaysian Embassy and the Project staff for 8 participants of the fair. The training took place on 3 June, 2010.
- 26) Under the grant agreement Healthy Economy aimed to support the public awareness campaign about the warehouse receipts system in Serbia, the marketing agency Head Made in cooperation with the Indemnity Fund and Agribusiness Project organized the following trainings: 1. General training for visitors of Indemnity Fund stand at the Novi Sad Fair, May 20, 2010 for 44 attendees; 2. Two day training for warehouse operators Andrevlje, May 31 to June 1, 2010 for 47 attendees; 3. One day training for bankers and representative of insurance companies, Salas 137, Cenej, June 9, 2010 for 43 attendees; and 4. One day training for representatives of the extension

service, regional rural network and agricultural cooperatives in Novi Sad, June 11, 2010, for 47 attendees; Total number of attendees at the aforementioned trainings was 181.

27) Business Training Program for Cooperative Managers (1): Cooperative Business and Strategic Management training was held on 12-13 July, 2010 in Zrenjanin with 13 participants and on 15-16 July, 2010 in Zlatibor with 17 participants. Two day specialized training session for the management and governing bodies of agricultural cooperatives. Main goal of this training module is to introduce the basics of running an agricultural cooperative. Marketing and supply services can be provided effectively only if the cooperative leaders understand the "economics" of running a cooperative business. In addition participants will learn about benefits of Strategic and Business Planning, go through the Planning Process so that they will understand its basic components and be able to develop a strategic and business plan for their own cooperative.

28) Business Training Program for Cooperative Managers (2): Marketing, Selling and Communication Skills for Cooperative Managers training was organized on 19-20 July, 2010 in Zlatibor with 18 participants and on 21-22 July, 2010 in Zrenjanin with 13 participants. Two day specialized training session for the management and governing bodies of agricultural cooperatives. This will address three vital skills for an effective manager to sell cooperative products and services. The first is basic knowledge of the marketing process – marketing essentials. The second component is effective selling skills and strategies. This focuses on marketing strategies which is the process of identifying and satisfying customer requirements profitably by serving them in a convenient, cost effective, and timely manner. These skills include understanding the basic elements of a sale, building a reliable client list, making personal contacts, and setting sales goals and objectives based on sales strategies so that sales turnover is maintained or increased over time. The third component of a good marketing manager is being able to communicate effectively, both within the cooperative and outside it with suppliers and buyers.

29) Business Training Program for Cooperative Managers (3): Financial Planning Tools for Cooperative Managers training was held on 26-27 July, 2010 in Zrenjanin with 12 participants and on 29-30 July, 2010 in Zlatibor with 18 participants. Two day specialized training session for the management and governing bodies of agricultural cooperatives. This is for cooperative managers without accounting or finance backgrounds who have the need for understanding the basic cooperative financial principles, statements and reports, financial consequences of management decisions, and put that understanding to work. They will learn how to use these tools for the financial planning of the cooperative business to determine activities, resources, equipment, and materials as well as the timeframes needed to achieve its strategic goals and objectives.

II. WORKSHOPS

- 1) A two-day Capacity building workshop on effective use of environmental data in agriculture was organized in Sopot on 7-8 December, 2009 for 23 participants as one of sub-activities under Environmental Monitoring & Integrated Soil Fertility Management (EM & ISFM) for the core group of environmental experts. The main purpose of the 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 Project's environmental objectives.
- 2) Three workshops on Ozone generators - a new technology to enhance shelf-life of fresh produce were organized in Uzice and Valjevo on 8 December, 2009 and in Belgrade on 9 December, 2009 for 62 participants.
- 3) Workshop - Pijaca in Belgrade was presentation of the idea to local companies and other partner organizations how to organize the upcoming food trade show in Belgrade. The workshop was held in Belgrade on 23 December, 2009 with 18 participants.
- 4) Dairy Farm Management Campaign Presentations to MEGA LED offices were held in Kragujevac on 12 February and in Pirot on 26 February, 2010 for 68 participants.
- 5) Two workshops – Challenge Day Skills@Work, a part of Grant EG-FY-3-24, *Introduction of Junior Achievement in agricultural high schools in Serbia*, were held on 24 February in Novi Sad and on 24 March, 2010 in Nis for 170 high school students.
- 6) Business breakfast with Serbian economic attachess and major food exporters was held at Hotel Hyatt in Belgrade on 20 April, 2010 for 57 participants.
- 7) Kick-off workshop - Pesticides Safety and Environmental Education (PSEE) for Trainers was held on 10 May, 2010 in Belgrade for 87 participants.
- 8) Workshop - Prospects of EU Organic Market was organized in Novi Sad on 13 May, 2010 for 103 participants.
- 9) CPY3 Workshop / Certificates Award Ceremony was organized in Nis on 12 June, 2010 for 18 company-representatives that participated on workshops/seminars on Cleaner Production in Agribusiness that took place at different locations throughout the country and was consisted of six workshops.
- 10) Info-days on Cleaner Production in Agribusiness workshop was a joint effort of Ministry of Environment and Spatial Planning (MESP), Regional Chamber of Commerce Pancevo and USAID Agribusiness Project to enhance the awareness and knowledge of owners of primarily food processing companies about the Cleaner Production in Agribusiness program and, more importantly, the available CP technological and process options in enhancing energy efficiency and mitigating emissions. The workshop was held on 14 June, 2010 in Pancevo for 30 participants.
- 11) Integrated Soil Management workshop was organized on 28 June, 2010 in Belgrade in cooperation with MESP, SEPA & MAFWM for 35 participants. The main topic was the state of soil and water in Serbia 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 Agribusiness mushroom and herbs sub-sector beneficiaries.

- 12) Workshop on best EU marketing cooperative practices - Hungarian Case Study was held in Guca on 27 July, 2010 for 61 participants.
- 13) Info-days on Clean Production in Agribusiness – a Regional workshop in Nis under the System of Sustainable Cleaner Production Development and Implementation in Agribusiness Activity was organized on 27 Aug, 2010 for 26 participants;

III. CONFERENCES

- 1) Series of two-day seminars on Market analysis, use of STIPS information and basics of marketing were organized in Zlatibor on 13-14 October, Novi Sad on 16-17 October, Pancevo on 21-22 October, Sombor on 13-14 November, Sremska Mitrovica on 20-21 November, Subotica on 11-12 December and Zrenjanin on 17-18 December, 2009 for 190 participants.
- 2) Series of two-day seminars on Market analysis, use of STIPS information and basics of marketing were organized in Zajecar on 15-16 January, 2010 and in Mladenovac on 22-23 January, 2010 for 82 participants.
- 3) A two-day event - JA Principals' Annual Conference, a part of Grant EG-FY-3-24, *Introduction of Junior Achievement in agricultural high schools in Serbia*, was held on 11-12 March, 2010 at Zira Hotel Belgrade for 70 participants.
- 4) Food Safety Conference was organized at Hotel Continental, Belgrade on 17 March, 2010 by Agropress for 192 participants;
- 5) Youth Business Plan Competition Awards was held in Belgrade on 29 April, 2010 for 50 participants.
- 6) Common Agricultural Policy (CAP) Conference was organized in Belgrade on 14 May, 2010 for 250 participants.
- 7) Conference on Agribusiness and renewable energy sources was held in Belgrade 29 June, 2010 for 189 participants.
- 8) Promotion of Culinara Food Show was held on 4 Aug, 2010 in Chamber of Commerce in Leskovac for 15 participants.
- 9) Promotion of Culinara Food Show was held on 16 Aug, 2010 in Chamber of Commerce in Belgrade for 13 participants.
- 10) Conference on Sustainable dairy development in Sumadija took place on 26 Aug, 2010 in Kragujevac with Ambassador Warlick, Minister Dragin, USAID representatives present, media and some 30 guests.
- 11) Conference on Prune Production and exports was organized in Valjevo on 28-29 Aug, 2010 with 100 participants - Association of Serbian Prune Producers, representatives of importers from Russia, prune producers, VIP and media.

IV. TRADE FAIRS

- 1) Anuga Trade Fair in Cologne, Germany was organized from 10-14 October, 2009. USAID Agribusiness Project supported 24 companies to take part on it.
- 2) Rural Development & Women Entrepreneurs in Agribusiness Fair was organized in Kragujevac from 29-31 January, 2010 by Agropress with 100 exhibitors and more than 20000 visitors.
- 3) Fruit Logistica Trade Fair in Berlin, Germany was organized from 3-5 February, 2010. USAID Agribusiness Project supported 13 companies to take part on it.
- 4) Biofach - Organic Trade Fair in Nuremberg, Germany was organized from 17-20 February, 2010. USAID Agribusiness Project supported 7 companies to take part on it.
- 5) USAID Agribusiness Project partially supported the 7th Tea Festival in Nis that was organized from 10-14 March, 2010. Mr. Michael Harvey USAID Mission Director officially opened it together with Dr. Nenad Stavretovic, Director of Environmental Protection Agency of Serbia, Mr. Miomir Magdevski, co-organizer, Director of Film Public Art company and Mr. Nebojsa Stanojevic, co-organizer, President of National Association of MAP collectors and processors "Dr Jovan Tucakov". Some 20 companies from Serbia, Macedonia, Bosnia and Herzegovina and Slovenia exhibited hundreds of different products. Several workshops were held such as "Legal and policy issues" presented by Environmental Protection Agency of Serbia, "MAP Growing techniques" conducted by Nis Agricultural department, Annual assembly of National Association of MAP collectors and processors "Dr Jovan Tucakov" and workshop on "Medicinal herbs and honey" by Dr. Ljubinka Jovic i Milica Buha.
- 6) MIHAS Trade Fair in Malaysia was organized from 23-27 June, 2010. USAID Agribusiness Project supported 6 companies (10 representatives) to take part on it.
- 7) Fancy Food Show 2010 was organized from 27-29 June in New York. USAID Agribusiness Project supported 6 companies (17 representatives) to take part on it.
- 8) World Food Moscow 2010 was organized from 14-17 September, 2010. USAID Agribusiness Project supported 9 companies (20 representatives) to take part on it.
- 9) Culinaria – Fine Food Show 2010 was organized from 23-25 September, 2010 in Belgrade where 79 companies took part.



**USAID Serbia
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USAID Serbia Agribusiness Project

Annual Report – Project Year Three

October 1, 2009 – September 30, 2010

Annex VI – Project Inventory over \$500

A. Project Assets

B. Assets with Grantees