

Year 1 Workplan

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Year 1 Workplan

With our partners, Booz Allen Hamilton and International Relief and Development, DAI is pleased to present our workplan for Year 1 of the USAID Agribusiness Project. Our workplan is organized according to the two components presented in the USAID Agribusiness Project scope of work. To accelerate the momentum of the project, we have purposely broken out activities aimed at starting up the project quickly and at analyzing and selecting subsectors and commodities. One output of these activities—the commodity action plans—will lay the foundation for the project for the next five years. For organizational purposes, we have included the development of the commodity action plans in Component 1. Next, we present our workplan with how we will use the two principal types of grants—Investment Incentive and Enabling—to broaden and sustain project impact. We conclude the chapter with a Gantt chart, which presents the timeline for Year 1 activities.

RAPID START-UP ACTIVITIES

Mobilize staff and set up office. DAI will start moving immediately upon contract signature. DAI is already managing two major projects in Serbia. BAH is a current partner of DAI’s in-country and IRD has a continuing presence in the country. Immediately upon notification of award of the contract, we will begin to secure office space and procure equipment.

Our start-up team will arrive in Belgrade, along with our Chief of Party, **Gene Neill**, and **William Grant**, our designated technical backstop, and our local staff, many of whom are coming off of other USAID projects that are ending, will be available to start work upon signature of the contract. DAI already has all of the administrative procedures in place to hire local staff, including local contracts and relations with all the appropriate authorities so the team should be fully mobilized very quickly.

Develop workplan. The workplan is due within 60 days of project start-up. The workplan, herein submitted, will help in finalizing activities to be implemented in the first year. Preparation of a detailed workplan as required by the RFTOP, requires significant interaction with other stakeholders in Serbia (private sector groups, USDA, USAID, and public sector groups) as well as verification of the preliminary analysis prepared for this proposal with all of the actors in the value chains (once these have been approved by USAID). Therefore, the workplan development process will be:

- We will meet with the USAID TOCTO and review the proposed selection criteria for the subsectors, go over the analytical process used to select the subsectors, and reach agreement on the targeted subsectors;
- Once USAID approves the subsectors, the DAI team will rapidly verify the structure of the subsectors, the key actors in the subsectors, and the status of ABDS.
- In conjunction with the USAID TOCTO, we will hold meetings with appropriate Serbian government officials.
- The Chief of Party and staff will visit other donor programs working in same arena.

Launch project tools. In the first weeks and months of the USAID Agribusiness Project, DAI will introduce management and performance tools to ensure efficient program operation throughout the life of the project. These tools include the USAID Agribusiness Project’s customized Technical and Administrative Management Information System (TAMIS), the program’s performance monitoring database, and the USAID Agribusiness Project website.

COMPONENT 1: INCREASED EFFICIENCY AND COMPETITIVENESS OF SERBIAN AGRIBUSINESS

OBJECTIVE 1.0: DEVELOP COMMODITY ACTION PLANS FOR EACH SUBSECTOR

Task 1.0.1: Select subsectors. USAID has identified the three defining characteristics for the high potential subsectors as providing rapid, sustained, and broad-based economic growth, while generating increased income and increased employment through sales and exports. As described in more detail in the attached Annex A, we propose that the USAID Agribusiness Project focus initially on the following subsectors:

- Vegetables and deciduous fruit
- Meat (cattle, sheep, and swine)
- Dairy (milk, cheese, and other dairy byproducts)
- Berries (raspberry, strawberry, blueberry, blackberry and cranberry)
- Wild and cultivated herbs and spices (including mushrooms)

Given the differences in objectives, particularly between broad based and potential for growth, some compromises have been made to ensure the best mix of factors in the development agenda. Although we propose initially concentrating on these five subsectors, we will also take on opportunistic activities to support commodities that are not included in these subsectors but that could yield discrete benefits stemming from activities that we are supporting in the five subsectors. Examples include potential assistance to the grain and feed industry (linking to the dairy and meat subsectors) and cut flowers (since the technologies are similar to fresh vegetables).

The DAI team—led by **Gene Neill, Bill Emerson, Remer Lane, Graham Dale, Sasha Marushic, and William Grant**—will present proposed subsectors to USAID for concurrence, for the team to focus its planning efforts. A subsector review is proposed with USAID at every six-month interval to review subsectors and take advantage of emerging opportunities which may not have been previously identified.

Task 1.0.2: Conduct rapid subsector assessments. DAI has a structured approach to subsector analysis that leads rapidly to a clear understanding of the structure of the subsector and the dynamics that govern the subsector. During the development of the workplan, the USAID Agribusiness Project team will carry out rapid assessments of the five subsectors identified and retained as the focus of project activities.

Bill Emerson, the USAID Agribusiness Project’s Agricultural Information and Policy Advisor, will be the point person on the team for managing and updating the subsector assessments, in conjunction with **Sasha Marushic**. DAI’s home office Project Manager for the USAID Agribusiness Project, William Grant, will supervise the development of the subsector assessments for the team. Immediately after USAID has agreed on the target subsectors, he will organize a one-day workshop for the staff participating in the rapid assessments, explain subsector/value chain mapping and analysis procedures, and help each team plan its assessment.

Subsector analysis team composition. DAI will have a matrix management structure whereby staff will be responsible both for implementing activities in their geographic areas and for operating on a team that has lead responsibility for a subsector. These teams reflect their prior experience. Under the supervision of William Grant, assisted by David Neven and Ingrid Ardjoediro, the subsector analysis teams will be:

- Fruit and Vegetables: Graham Dale working with Pedja Cerovic
- Livestock: Bill Emerson working with Djordje Lukovic
- Dairy: Goran Janjic working with Radmila Vucinic
- Berries: Remer Lane, working with Jovana Ducic-Savic
- Herbs and Spices: Sasha Marushic working with Radmila Vucinic

Ingrid Ardjosoediro, a DAI agricultural economist, will serve as the market analyst for all of the subsectors, collecting and collating market information on potential markets and helping with the international trade analysis.

Each team member has significant experience and knowledge of the subsectors they are assigned to, which will facilitate their carrying out the following:

- Evaluate the markets that the subsector is (or could be) serving, both domestically and internationally, and the competing global sources of product to supply those markets;
- Disaggregate the different actors in the value chains at each functional level;
- Identify the relationships among firms and farmers in the value chain;
- Analyze the costs and value added at each step along the chain to determine where economic inefficiencies are preventing growth;
- Analyze the constraints causing the inefficiencies (at firm or regulatory/infrastructural level);
- Analyze the key points of leverage and the trends and dynamics in the subsector; and
- Indicate where there is the greatest potential for economic growth.

Each team will travel to the main areas of activity for their subsectors, meet and interview actors representing all of the different types of enterprises performing all the functions in the value chain, and meet with supporting services: finance, ABDS providers, associations, government regulatory officials, etc. At the end of the assessment, the analysis will be captured in maps of the subsector identifying the different value chains/channels through which product flows and the challenges facing each channel. From these assessments, we will be able to prioritize the initial activities.

Other outputs from the subsector assessments will include:

- Preliminary baseline inventory of producer organizations working in each subsector and general appreciation of their capacity-building needs;
- Preliminary baseline inventory of the ABDS providers servicing the subsectors and a general appreciation of their capacity-building needs.
- Analyses of the potential for negative impact to U.S. producers from our assistance to the targeted subsectors. This analysis will include a review of U.S. production figures, whether the U.S. is a net importer or exporter of the commodities and potential areas for overlap of markets. To determine significant impact, DAI has used a 3 to 5 percent market share threshold as a conservatively derived figure that is indicative of no material impact on commodity price in the third country (this was agreed upon with USAID, for example, under the Moroccan Agribusiness Promotion Project). In the event that Serbia has more than 3 percent of the market share of a given market in which the United States is competing directly (i.e., where the U.S. has more than a 3 percent share), the USAID Agribusiness Project will not provide assistance to firms focused on that market.

Task 1.0.3: Develop commodity action plans. The buy-in from the private sector will be the ultimate determinant of the ability to respond to the growth potential. The actors in the value chain must understand the constraints, the relative roles of each actor, and the forces that are driving the growth of the subsector.

Following the rapid assessments, the DAI team will lay out a schedule for gathering the additional information required for developing more in-depth strategic activities. Over the first three months of the project, the USAID Agribusiness Project team will initiate dialogues and workshops with the stakeholders from each commodity, grouping the value chain actors to ground truth the analysis and stimulate the buy-in to the analysis. Working with each commodity separately, the USAID Agribusiness Project and stakeholders will develop commodity action plans that take a systemic approach to maximizing growth in the entire subsector. Key steps in the action plan development will be:

- Work with industry bodies, private firms, and participating government agencies to establish ownership by the value chain actors;

- Set a clear vision with a statement of the targets for growth;
- Identify the points of leverage where the project should invest to maximize impact: geographic nodes, system nodes, and policy;
- Develop strategic interventions to address constraints and unlock potential; and
- Build capacity in the industry to go beyond simply addressing identified constraints.

By the sixth month of the project, industry-led commodity action plans will be in place and will further inform the Year 1 workplan and future annual workplans. For illustrative purposes, Annex A provides a summary review of the five subsectors and nine value chain analysis reports which contain preliminary commodity action plans for each proposed subsector, along with overall growth targets.

As noted above, a value chain assessment is a snapshot of the structure at one point in time and an assessment of the forces driving the growth and development and internal dynamics of the subsector. This process will capture valuable real time benchmark data that can be used as potential reference points for the project to measure impact at the firm and stakeholder levels and for the basis of our internal M&E system. To keep the M&E system current, **Bill Emerson** and **Sasha Marushic** will update the assessments every year to identify trends and determine which of those are due to project activities. This information will feed into any modifications to the future workplans and provide us with feedback on the impact of our work.

Task	Year 1 Milestone	Results/Outcome
Complete subsector assessments	5 rapid subsector assessments completed (9 value chain assessments) during the workplan period; more in-depth assessments of these 5 completed within first 3 months	Detailed understanding of the key actors in the subsectors, the main driving forces, key points of leverage, and major growth opportunities
Develop commodity action plans	Minimum of five industry led commodity action plans by Month 6	Subsector actors working together more effectively to achieve a common, agreed growth agenda

OBJECTIVE 1.1: STRENGTHEN PRODUCER ORGANIZATIONS

The purpose of this activity is to strengthen producer organizations to ensure that they contribute to a stronger, more competitive growth-oriented subsector. Under the Agribusiness Project, we will help strengthen producer organizations to adapt to market needs, meet EU requirements in food quality standards and safety, and be competitive in domestic, regional, and international markets. The project will improve the competitiveness and economies of scale of production in the targeted value chains from producers, improve market linkages, timeliness of supply, and quality of product delivery and enhance their linkages with the other actors further downstream where there are concrete growth opportunities.

The specific types of producer organizations the USAID Agribusiness Project will work with will vary, depending on the structure of the particular subsector. For instance, in the dairy subsector, producer organizations will be focused on collection and marketing, while the vegetable subsector will be focused on production and storage. Therefore, we will tailor our services to the needs of the different types of producer organizations. In all of the activities, the DAI team will focus on maximizing impact. To do so, we will identify the key points of leverage in each subsector so that we can reach the maximum number of actors. Key points of leverage include system nodes (e.g., companies that interact with large numbers of actors, associations that regroup large numbers of actors, ABDS providers that reach large numbers of firms), geographic

The Producer Organization Team

Graham Dale, our Producer Organization Development Specialist and his deputy, will lead the producer organization activities in conjunction with agricultural development advisors in the field offices. He will rely on assistance from **Mirjana Danilovich** from MSU, who developed training materials and provided extension service advice under SEDP; **Ed Reinauer** from DAI, who has been working with producer organizations for fruits and vegetables in Croatia for the past four years on the highly successful ACE and RIEDA projects; and **John McCormack** from IRD, who will concentrate on dairy and livestock producer organizations. These advisors will coordinate closely with the respective subsector teams.

concentration (the area where many actors in a given subsector are located) and policy. We will work through these points of leverage to drive most of our activities.

Task 1.1.1: Conduct a rapid inventory of existing producer organizations and identify gaps to strengthen the functioning of the value chain. The CRDA and SEDP projects strengthened numerous producer organizations, from local dairy cooperatives to national associations like the Serbian Raspberry Association. The DAI team will build on this work in the selected subsectors. During the subsector assessments described earlier, each subsector team will develop an inventory of the producer organizations in each value chain. Through this inventory, we will identify gaps in value chains and subsectors where producer organizations are absent or inactive—for example, in the wild and cultivated herbs and spices subsector, much of the fresh produce subsector, and the red meat subsector.

Task 1.1.2: Conduct needs assessments of selected producer organizations to examine products and services provided to members or customers and prioritize producer organization interventions. These assessments will be conducted in tandem with the subsector assessments. They will consider:

- Organization structure, legal status, bylaws, management structure and personnel, governance, participation by women, and member commitment;
- Financial system and resources—budget planning, accounting, financial reporting and auditing systems, sources of income, dependence on donor or government support;
- Products and services—extent of offerings to members and cost recovery, interest and potential to expand into upstream or downstream activities, potential to offer commercial services to non-members;
- External linkages to input suppliers, processors, intermediaries and end users—demand for products and services, profitability, efficiency, potential for value-added growth; and
- Availability of and access to market information systems (MIS) for members.

During the workshops to develop the commodity action plans, our team will discuss the economic potential of producer organizations and gauge interest among producers, input suppliers, processors, and other chain participants to revitalize inactive producer organizations. In subsectors where no producer organization exists, the Project and stakeholders will determine if there is sufficient interest and economic potential to establish new producer (or industry) organizations. Downstream buyers—such as processors, exporters, and supermarkets—will play an important role in identifying missing producer organizations. Delta and Metro supermarkets have already agreed to assist the project in identifying producer organization opportunities and requirements.

The results of the producer organization needs assessments will feed into the commodity action plans and will be vetted during the stakeholder workshops held during the first six months of the project. Stakeholders from all segments of the value chains will be involved and will include ABDS providers: commercial entities that offer services in different ways, NGOs, extension agents, and applied research staff. The results of the workshops will help define producer organization intervention plans that will be finalized by the sixth month of the project. These producer organization intervention plans will be part of a wider process of assisting the selected producer organization to develop its long-term strategy for the respective organization.

Potential interventions are split into the three functional areas listed below, but they will be tied into prioritized needs of each subsector:

Technical. Although effective management, adequate finance, and market access are important success factors for producer organizations, the most critical factor is improved productivity and quality throughout the value chain. The lack of high-quality product at the farm gate becomes the weakest link in an otherwise healthy value chain. We will develop technical assistance packages aimed at improving the level of productivity, reducing the cost of production, improving product quality and marketability and improving farm enterprise management. Specific actions include:

- Improve farm-level productivity and quality:
 - Selective breeding and improved feeding regimes to increase milk yields per cow
 - Critical milk volumes and quality control for specialty regional cheeses
 - Improved beef cattle breed as replacement for dual purpose dairy and beef cattle
 - Nurseries for improved seedlings and planting material for fruits and vegetables
 - Greenhouses or other methods of covered cultivation to meet expanded season potential for fresh vegetables and berries
- Enhance post-harvest quality and preserve value:
 - Facilities for milk collection and transport
 - Laboratories for analyzing fresh milk quality, test standardization and quality control, support to development of recognized accredited laboratory
 - Post-harvest practices and packaging for fruits and vegetables to reduce losses
 - Coordination with supermarkets and other retail buyers to reduce field-to-store transit time
- Implement product certification and safety standards:
 - GlobalGap standards for exportable fresh fruits and vegetables
 - HACCP certification for food processors
 - EU SPS regulations for fresh products
- Introduce new products that meet the needs of the market and improve efficiency of existing products:
 - Equipment or process changes in dairy and meat processing plants to reduce product costs
 - New value-added fruit products (e.g., fruit purees for food processors, individually quick frozen berries, dried fruit)

Financial and management training. Management support to producer organization is similar across all subsectors. Improvements would focus on:

- Support to targeted producer organizations in developing long-term strategies
- Business planning and budgeting for growth
- Organizational structure
- Exposure of management staff to EU and/or U.S. producer organization structures/roles, possibly through exchange and mentorship programs with European and American producer organizations
- VAT and other accounting requirements
- Management of inventory

Disseminating New Production Information and Techniques

In support of SEDP, Mirjana Danilovich from the USDA/FAS/ICD and MSU's Farm Management project developed a set of practical and suitable extension materials regarding fresh market cherry varieties and their pollination requirements, peach culture, apple maturity and optimum harvest time and use of plant growth regulators to enhance fruit size, return bloom and to improve tart cherry bearing capacity by eliminating "blind" wood. These materials were produced and extended to farmers in the fruit sector through SEDP and have been adopted by the University of Belgrade's agricultural faculty.

Extending the Harvest Period—Greenhouses in Croatia

To extend the harvest period and to reach early season windows DAI's Agribusiness Competitiveness Enhancement (ACE) project provided cost-share grants in Croatia to construct greenhouses. The introduction of modern greenhouses gave producers an advantage over early season imports by domestic supermarkets and the hotel and restaurant trade. The technology also trimmed costs: heating costs fell by as much as 60 percent, and for many, water use decreased.

- Cash flow and investment return analysis
- Development of middle management staff for producer organizations
- Preparation of loan application documentation.

Marketing. Producer organization marketing skills will vary depending upon the level of integration of the producer organizations in the value chain and the nature of the producer organization. Producers for the fresh market, for example, will have different requirements for marketing from producers for the processed market. The DAI team will use a mix of assistance to help producer organizations link more effectively into the growth segments of the value chain. Specific activities will include:

- Develop systems to improve seller-buyer contract arrangements
 - Deliver contract negotiation training for producer organizations and sustainable contract negotiation through a train-the-trainers programs at the University of Belgrade, Faculty of Agriculture
 - Engage interested processors/supermarkets and producer organizations in discussions to establish informal arrangements or to negotiate binding contracts
- Develop systems to disseminate agribusiness magazines, newsletters, and brochures to producer associations and set up agribusiness Internet laboratories in regional offices
- For fresh produce associations, promote sales delegation trips to local trade fairs, regional markets such as Croatia, and major international markets in Russia and Europe
- Establish a program to support trial shipments to reduce export marketing risk for fresh fruit producer organizations.

Task	Year 1 Milestone	Results/Outcome
Conduct a rapid inventory of existing producer organizations and identify gaps	All producer organizations in selected the USAID Agribusiness Project value chains; selection criteria developed where multiple producer organizations serve a value chain; stakeholder workshops to assess interest to establish new producer organizations by end of Month 6	Development targets set to establish new producer organizations in value chains not served; potential candidates for new producer organizations selected
Conduct needs assessments of selected producer organizations to examine products and services provided to members or customers and prioritize interventions	Strengths and weaknesses of existing organizations identified, as well as requirements for new producer organizations; target is a minimum of 50 existing and new producer organizations; overall project will work with 150 producer organizations in Year 1	Grant, technical assistance, and training packages for existing producer organizations completed; organization development plans established for new producer organizations; intervention plans under way
Conduct management training	20 producer organizations receive management training	Producer organizations in a better position to present requests for financial assistance, better able to manage cash flow and make investments
Enhance adoption and use of technology	New investments in 4 different technological packages, including cooling for dairy, greenhouse and affiliated technologies for vegetables, and packaging for fresh produce	Increased productivity by producers and higher quality of product (e.g., presentation, packaging) delivered to buyers
Increase number of producer organizations certified	6 producer organizations receiving HACCP, ISO, or other certification	Increased number of signed contracts with buyers, new markets opened up
Enhance marketing of producer organizations	MOUs signed between 20 producer organizations and 2 supermarket chains; 5 producer organizations making marketing trips outside of Serbia; 20 producer organizations participating in trade fairs in Serbia	Increased knowledge/understanding of foreign markets and their respective demands for quality and presentation of product; improved understanding of the domestic market for product

Task	Year 1 Milestone	Results/Outcome
Enhance producer organization access to finance	6 producer organizations receiving funding from government resources; 10 producer organizations receiving funding from commercial sources	Enhanced ability to grow their businesses and purchase new technology

OBJECTIVE 1.2: IMPROVE ABDS DELIVERY

To compete in their markets, input suppliers, farmers, and firms all along each value chain will need a consistent stream of qualified technical support to help them upgrade their skills. Under the USAID Agribusiness Project, we will ensure the provision of these skills in technical, management, marketing and financial areas to the targeted subsectors. Given the relatively thin supply of ABDS in Serbia, technical assistance to firms in key points along each value chain will initially come largely from our USAID Agribusiness Project staff. However, such assistance will not build sustainability. Therefore, we will apply our Business Services Approach (BSA) to develop the capacity of local ABDS to serve the needs of the value chain, while ensuring that there is demand for such services. Only once there is both **adequate supply** of services and an **effective demand** for those services (at market prices) will sustainability be guaranteed. Although some public sector ABDS agencies provide subsidized goods and services, such as agriculture extension and applied research, they merit USAID Agribusiness Project support to the extent that they contribute to sustainable impact by providing better assistance to producer organizations.

ABDS needed by firms will vary by subsector. Some will be sector specific, while others will be more generic and will cut across all subsectors:

- Technical services will tend to be sector specific, as they will deal with the peculiarities of each sector—the technologies and practices that will make companies more competitive and help them meet grades and standards specific to their sector. For example, technical services in the dairy industry will need to be sector specific.
- Management and financial services are initially more generic in nature, with the basic principles being applied across all sectors. But as the sectors become more complex, there will need to be sector-specific applications. For instance, while basic financial accounting principles cut across all sectors, businesses will benefit from sector-specific cost accounting procedures to allow them to track their costs and profitability more effectively. The DAI team will take into consideration the Farm Accountancy Data Network (FADN) that Serbia will need to introduce to become an EU member.
- Marketing services tend to be specific to a particular sector. Although some basic principles cut across all sectors, the best service providers deal with specific products and must know the characteristics of those products, understand the buyers, and be able to broker deals.

Task 1.2.1: Build the supply for business services. Building the supply of ABDS will require understanding the specific needs of the market, identifying potential service providers and helping them develop the skills needed to meet the needs of the market, and then integrating them into the market. This will emanate from the needs of each particular subsector. ABDS can be provided by a range of service providers: a value chain actor that is providing an embedded service, an outside local service provider or an international service provider if the skills are not available locally. The right type of service provider will need to be identified for each specific case.

The ABDS Team

Since our ABDS capacity-building program will cut across all subsectors, it will be supervised by Agricultural Information and Policy Specialist **Sasha Marushic**. He will coordinate with all of agricultural development advisors, marketing advisors and financial sector specialists, relying particularly on **Remer Lane, Graham Dale, Jovana Ducic-Savic, and Jelena Colic**. He will be supported with outside technical assistance from specialists in ABDS development, including **Gary Kilmer, Ingrid Ardjosoediro, David Neven, Rich Magnani and John Bowman** from DAI; **Graham Dale** from IRD; and **Mirjana Danilovich** from MSU.

Initially, we plan to strengthen ABDS providers by working with them hand in hand in our planned producer organization interventions. In interactions with the producer organization, as ABDS provider performance improves, our involvement in the intervention will decrease. However, we will remain engaged in varying degrees to ensure the delivery of services to the producer organization and to monitor ABDS performance.

The USAID Agribusiness Project's crosscutting activities to build the supply of market-driven services will include:

Identify and prioritize required services and the skill sets needed to provide them, by subsector and functional level within

subsectors. We will determine the need for specific ABDS products and services during the producer organization needs assessments. We will prioritize the areas where training and services are required, such as HACCP, SPS, and GlobalGAP, to allow the project to focus on those services first. By Month 6, we will have developed a thorough list of priority services by subsector.

Develop a database of potential ABDS providers with the basic skills and potential to upgrade to those services. We have already identified more than 60 public and private ABDS providers that cover a wide range of products and services: agronomic and mechanization inputs, animal breeding, veterinary, certification, applied research, export promotion, and consulting and other advisory services. They fall into several categories:

- Private and public agriculture consulting companies (e.g., Centar za razvoj agrobiznisa, AgroMreza/AgroNet);
- Private banks (e.g. ProCredit Bank, Societe Generale de Banque, Opportunity International);
- Private and public input suppliers that could offer embedded services as part of their product sales package (e.g. Timok Komerc);
- Private processors or supermarkets that provide technical support to their suppliers to promote quality and continuous supply (Delta Maxi);
- NGOs promoting integrated pest management and environmentally sustainable production (e.g. REC - Projektna Kancelarija, Pirot);
- Ministry of Agriculture, Forestry, and Water Management (MAFWM) extension services, applied research institutes, and laboratories (e.g. Institut za primenu nauke u poljoprivredi);
- Design consultants specializing in packaging, website and brochure design (e.g Vertical Media d.o.o.);
- Communications and marketing material developers (Communicate); and
- Certification agencies for HACCP, ISO, and GlobalGAP (Specialized Veterinary Institute).

These firms will be registered into our database and, after we assess their capacity, they will be available for recommendation as service providers to other businesses. By the end of Year 1, we will have 100 firms registered in the database.

Subsector specific required technical assistance. Based on the priorities established in Task 1.2.2, the DAI team will organize training in grading, sorting, packing, storage, logistics management, shipping, branding, and certification (e.g., HACCP, ISO). To bolster the impact of these activities, we will work with ABDS providers to develop programs that address operational constraints and to train enterprise managers in good management practices and in how to establish protocols that meet international standards.

HACCP Training in Serbia

Some of our USAID Agribusiness Project staff played key roles in the HACCP training initiative organized in conjunction with the CRDA program. Sasha Marushic from IRD initiated the initial HACCP program that was then replicated into a nationwide initiative under the leadership of Bill Emerson. The program included not only identifying the firms needing HACCP training, but developed a network of registered service providers to deliver the services. This program will be continued and expanded under The USAID Agribusiness Project.

Train ABDS providers in sound business management, business planning, and marketing. We will develop tailored assistance packages for private ABDS providers for public providers of ABDS, like the agricultural research institutes. These assistance packages will include parts or all of the following depending on the capacity of each ABDS client:

- Sound ABDS business management and business planning
- ABDS product and service pricing strategies
- Marketing of ABDS to potential producer organization customers through direct contacts, value chain workshops, or trade fairs
- Specific technical, management, financial, and marketing training that matches producer organization needs
- Development of a “value proposition” that reflects the benefits they will bring to the buyer of the services

Much of the training will be done in conjunction with the DAI team. If outside training is required, firms will apply for cost-shared grant funding to receive the training. For certification firms, we will ensure that our training meshes with the criteria specified by the MAFWM. We are already in discussions with Suzana Djordjevic-Milosevic, who is responsible for the MAFWM’s certification program, to ensure that all of its requirements are included in our programs.

By the end of Year 1, 25 ABDS providers will have well-developed value propositions and will be selling their services at full commercial rates to agribusinesses.

Develop relationships with international suppliers to support their equipment and apply their training programs. We will identify international service providers and equipment suppliers, work with them to determine their local support needs, and broker relationships with local firms to establish the partnership. The international suppliers will then provide the technical training to their franchisees/partners. By the end of Year 1, we will have completed two partnerships between Serbian and international service providers.

Help establish needed ABDS that do not exist in Serbia. Where no ABDS exist as a match to producer organization needs, the project may use grant funds for ABDS start-up on a cost-share basis. Grant funds would be limited to office and specialized technical equipment.

One major weakness in the Serbian agribusiness environment is a shortage of industry associations that represent the interests of the subsectors that can serve as sources of technical advice, as well as points of leverage and conduits for technical and financial assistance. As discussed under the marketing section, below, special attention will be placed by Remer Lane on developing associations such as Confectionary Exporters Association, Berry Fruit Exporters, Stone Fruit Exporters, and Specialty Food Products Exporters Association.

By the end of Year 1, two new exporter associations will be registered and creating business alliances to foster growth of their commodities.

Building Capacity in Serbian ABDS

Yugo Inspect, the former state owned inspection company has been privatized. The new owners have already approached the DAI team to help them analyze the types of services that are needed in the agribusiness sector so that they can develop the skills and products needed by the sector. The USAID Agribusiness Project’s Remer Lane and Jovana Ducic-Savic will introduce them into the commodity action plan process to increase their understanding of the needs and develop a capacity building program with them.

Introduce ABDS voucher program. Improving the supply is a necessary but not sufficient condition for building a strong agricultural sector. There must also be an effective demand for the products. All DAI team staff will play an important role in building up the demand for services by explaining the benefits of those services to the users and training them in necessary skills to identify and appraise the required services.

To further stimulate the demand for these services, **Jeremy Kanthor**, one of DAI's resident voucher specialists, will develop a voucher/cost-share program with grant funds to allow firms to purchase new trial services from accredited service providers. Through vouchers, producer organizations will initially be able to try ABDS for half price, though the price for subsequent purchases of ABDS services will be at a higher proportion of the full cost until they are paying the full cost of services. The program is a subsidy to promote business development and provide needed services. To initiate the voucher program, the project must first identify key constraints (market failures) facing agribusiness in targeted sectors. These could be management, IT, marketing, inventory control or any other number of issues. Once the types of constraints are identified, the project will accredit service providers and make their services known to beneficiary businesses. A beneficiary association or agribusiness may have a list of five to ten different, certified companies offering particular services. The project would then issue a purchase order for the particular service needed and would pay fifty percent of the cost of the first services provided to that particular beneficiary. The beneficiary must fund or find funding for the other fifty percent.

The project will track the service providers and beneficiaries and report on client satisfaction to the service providers so they can improve their services. Technical assistance may also be used to improve service providers when needed.

Subsequent requests for vouchers from a beneficiary would be funded at lower levels until the beneficiary is funding the services completely.

In all cases, DAI would pay the service provider directly for the services covered by a voucher which provides better control and lowers the risk of corruption and overuse of any particular provider.

Communication, to the ABDS' and the firms, is critical. Initially, for the ABDS', this is about how the system will work and the information and paperwork they need to get reimbursed. Over the long term, the ABDS' need to understand how to use their new supply skills to market their products to firms. The US Ag Project will likely have to mentor the ABDS' and provide feedback on how their services are liked. For the firms, initially the US Ag Project will need to market the program to increase participation. Associations could be of assistance in this. Over the long-term, M&E through interviews will help assess whether the voucher program's orientation is appropriate for US Ag Project's objectives.

DAI will develop a Voucher Administration System (VAS) within the TAMIS to manage the voucher system and track information such as:

- vouchers outstanding
- amount disbursed
- which ABDS's are getting the most business through the voucher program (also used to identify potential fraud)
- topic areas vouchers are used for

By the end of Year 1, at least 30 producer organizations and agribusinesses will have used vouchers to purchase productivity-enhancing services.

Vouchers to Stimulate Demand for Services

DAI's ComMark program in Lesotho helped increase the productivity of the Africa's leading garment exporting industry by building awareness of the need for services. In 2004, ComMark organized a "Productivity Trade Fair" to introduce the international and domestic service providers to the factories, and then used a voucher program to cost share the purchase of services by the factories to demonstrate the results. The impact on productivity from purchased services was significant (up to 30 percent increase in productivity within a month in some factories) and factories now purchase the services directly, no longer using the cost share funds.

Task	Year 1 Milestone	Results/Outcome
Develop a database of service providers	Database of service providers set up by Month 3; 100 registered and recognized ABDS providers for firms to access by end of year	Increased access by subsector firms to service providers
Prioritize ABDS requirements	Prioritization of ABDS requirements in 5 subsectors	More ABDS providers servicing priority areas
Train ABDS providers	30 ABDS receiving training in a wide range of services	Improved capacity of ABDS providers servicing priority areas
Partner with international firms	2 new partnerships created by end of year	Access to international quality and reputation for certification, etc.
Create new ABDS providers	2 new ABDS providers created and legally registered	Improved capacity of Serbian ABDS to meet needs of subsectors
Develop voucher program	Voucher program operational; 30 firms accessing it to purchase services by end of year	Improved productivity of firms in five subsectors

Task 1.2.2: Improve access to financial services by Serbian agribusiness. The banking system in Serbia has developed by leaps and bounds over the past several years. However, SMEs, and especially agricultural SMEs, still face significant problems in accessing loans for working capital and investment. From the perspective of agricultural SMEs, the banks are overly conservative and risk averse. From the perspective of bankers, SMEs are simply “not bankable,” and the cost to originate and service loans to the sector makes the market unattractive. The truth is that both agricultural SMEs and financial institutions face problems in rural SME finance. However, the agricultural sector represents a large, attractive market that is critical to the growth of the economy. Our finance team—led by **Goran Janjic**, with support from **Mary Miller** and **Andrew Vonnegut**—possesses extensive experience working with banks to develop new products and increase lending to agricultural sectors across Eastern Europe and the former Soviet Union. Together, they will make sure that the project plays a catalyzing role in improving the flow of private capital to the target subsectors.

Improve knowledge and bankability of agricultural SMEs. We will work with rural SMEs to improve bankability and knowledge of underwriting criteria, as well as types and sources of financing. SMEs in agriculture and food industries will not receive financing unless they understand the products available and the information that financial institutions will require to assess a borrower’s ability to pay back a loan. We will take several actions to address this issue. First, we will document the most attractive banking products for the subsectors, along with the associated underwriting criteria, focusing on a core group of lenders such as Agrobanka and Procredit. We will distribute this information on an ongoing basis to counterparts of the project. Second, we will conduct seminars for counterpart SMEs, in conjunction with loan officers, to describe the types of information that are required for financing and the steps needed to complete a successful loan application. Third, through technical assistance and grants, we will assist borrowers who have completed the seminars in implementing internal systems required to satisfy lender due diligence.

Assist banks in developing products demanded by the agricultural market. Although the SME lending market has developed significantly in Serbia, many lenders do not offer products that are tailored to agricultural borrowers. Agricultural loans are different in many respects from other mainstream SME products for investment and working capital. Payment schedules must accommodate seasonality of cash flows; valuation of collateral requires knowledge of agricultural equipment; evaluation of business plans requires some knowledge of food markets; and insurance against *acts of god* must be considered.

Help identify lenders willing to invest in agricultural finance and work with them to develop products for which there is strong market-based demand. Product development will consider both straight debt and non-debt products such as leasing, receivables, factoring, warehouse receipts, and insurance. The USAID Agribusiness Project will replicate and expand upon the FLAG/ADF program developed by DAI's proposed advisors. This rural finance program operated under a Memorandum of Understanding (MOU) with ProCredit bank, issuing 4 million euros of loans to 500 individual farmers in 50 farm cooperatives in Vojvodina. We will conclude an MOU with Opportunity International, which got its bank license in early 2007, and private banks such as AgroBanka, which have recently entered into the farm lending program, using both "fixed property registers" to enhance lending to our target subsectors.

Get banks to consider additional sources of funding, such as the European Bank for Reconstruction and Development (EBRD) and European Union (EU). **Mary Miller**, who led DAI's contract to support the project's financing initiatives, and **Andrew Vonnegut** will help the project develop additional links into other international funders, building from his experience and institutional relationships in Serbia.

Work with banks to develop the processes and skills needed for success in agricultural lending. **Andrew Vonnegut** and **Mary Miller** will help banks develop specialized underwriting criteria, collateral analysis, due diligence, and loan pricing for agricultural lending.

Assist Serbian agribusiness firms and producer organizations in accessing GOS subsidized funding. While the long-term sustainability of the sector will depend on commercial finance, we will take advantage of existing Serbian government programs and will develop a system to present cooperatives and business groups to the MAFWM and Ministry of Finance for special loan programs to support these farm groups and processors.

Improve collateralization of farms through legal registration. Since 2005, the MAFWM has required all farms be legally certified in Serbia to receive subsidies and other support. This policy largely coincided with the imposition of the EU value-added tax in 2005, which was put in place in stages for most of the larger farmers, farm cooperatives, and associations. Although land registration has proceeded effectively in Vojvodina (because older Austro-Hungarian land titles were much more clearly registered), most estimates indicate that 30 to 70 percent of the farms in central and southern Serbia are still not registered. Therefore, under the leadership of **Graham Dale** and **Pedja Cerovic**, the USAID Agribusiness project will work with farmer associations and the MAFWM to register these farms, making them eligible for governmental financial assistance and better able to secure commercial loans.

Armenia Leasing Program

The DAI ASME project played a lead role in introducing commercial leasing as a new financial product in Armenia, guided by **Mary Miller**. The effort involved a feasibility study and business plan, support for legislative and regulatory changes, and the assembly of capital. ASME supported the effort with technical assistance. Four million dollars in equity and loan financing was matched with a grant of \$1.2 million from USAID via ASME to start ACBA Leasing. By early 2007, 289 leases had been signed, with a total value of more than \$8 million and a default rate of zero. New financing from Crédit Agricole in 2007 enabled ACBA Leasing to continue its rapid growth. This new finance mechanism has provided more options for accessing capital and has increased the availability of small scale machinery to farmers.

Building Off CRDA-E Successes

Under the CRDA-E, DAI-proposed staff helped four fruit cooperatives and a snail cooperative to present applications to the MAFWM, each of which received loans of 50,000 to 500,000 euros at 5 percent interest, with four years of grace for their projects (four cold storages and related production expansion and primary processing facilities).

Task	Year 1 Milestone	Results/Outcome
Improve knowledge and bankability of agricultural SMEs	Information on most attractive products distributed to producer associations; seminars held with participation of loan officers	Subsector producers understand the requirements for funding under various products and the best products for their situation
Assist banks in developing products and skills demanded by the agricultural market	Concepts and feasibility studies developed for three new banking products; at least one concept accepted for implementation by a bank	Banks in Serbia have products, staff, and office networks suited for rural and agricultural SMEs
Help Serbian agribusiness firms and producer organizations access GOS subsidized funding	5 firms/producer organizations to access government funding of at least \$500,000	Improved access to finance for agribusinesses
Improve collateralization of farms through	5 farmer associations registering their	Improved use of farms as collateral with

Task 1.2.3: Improve access to domestic and international markets for Serbian agribusinesses. The USAID Agribusiness Project must address two factors so that Serbian agribusinesses can access markets better. First, we must help producers gain a deeper understanding of product and delivery requirements and pricing in domestic and international markets, by developing better sales, marketing and negotiation skills, and by obtaining greater exposure to buyers through producer associations, international fairs and the Internet. Although our general philosophy is not to differentiate strongly between the domestic and international market—there is no safe home market for producers who cannot meet international quality, cost, product and service standards—we plan to work with producer associations specifically on driving demand for Serbian brands in the domestic market.

Second, the project must focus on the public sector marketing support infrastructure for Serbian agriculture. Past work by the DAI team with the Serbia Investment and Export Promotion Agency (SIEPA) and the MAFWM has shown that Serbian government marketing and promotion programs can be provide a catalyst for new exporters and small producers to develop new markets. This support is critical in Serbia because so many producers lack the skills, knowledge, and funds to get started on their own. It has also proven to be sustainable, with producers receiving one to three years of support during which they gain the experience and resources to make it on their own. Examples of successful graduates include Next Fruit Juice, Nectar Fruit Juice Co., Adore, FoodLand, and Marni Mushroom.

The USAID Agribusiness Project's market development team, led by **Remer Lane** and **Jovana Ducic-Savic**, will expand on their excellent relations with both the leading private sector firms and government support agencies to improve the effectiveness of programs specifically focusing on transparent and results-oriented selection of producers for fairs and other marketing programs, monitoring of results, and phased graduation of producers from assistance. They will also help SIEPA and the MAFWM leverage new sources of capital to grow the overall size of their programs. This year, SIEPA is beginning a major expansion of its presence in rural areas. Moreover, there is new funding available through the National Investment Plan and EU pre-accession IPA funding. Thus, it is critical to act now.

The USAID Agribusiness Project's plan for improving market access includes six steps:

- 1. Institutionalize producer training and education in sales, marketing, and negotiation.** Serbian agricultural producers lack expertise in sales, marketing, and contract negotiation. Part of the reason is that these subjects are taught neither by the national agricultural schools nor by trainers or producer associations. Institutionalization of quality training in these subjects will have an important impact on the revenues of producers and the overall size and exports of the sectors. The USAID Agribusiness Project team has already developed curricula in these areas and modularized them for a semester-long degree program course and a series of week-long non-degree training courses. The Belgrade University School of Agriculture has already agreed to introduce the programs. During the project, we will negotiate introduction of these courses with other schools and universities. In addition, we will work with professors to refine the courses for the academic setting and to help them develop sustainable, for-profit training businesses for farmers and food producers.

2. **Ensure agribusiness information reaches Serbian producers and that information on the subsectors reaches buyers.** In cooperation with the MAFWM and the Serbian Chamber of Commerce the project will disseminate agribusiness magazines, newsletters, and brochures to producer associations through regional offices of the MAFWM. The USAID Agribusiness Project will assist local authorities set up Internet-accessible “agribusiness laboratories” in three regional offices, aimed at educating entrepreneurs on domestic and global agribusiness trends. The laboratories will include a launch page with descriptions of free and subscription sites, needed passwords, and instructions on using Internet translation sites to render foreign language information in Serbian. Important Serbian periodicals such as *Zelena Strana*, *Glasnik*, and *Poljoprivredni Informator* have agreed to participate. In addition, working with producer associations, SIEPA, and the Chamber, we will expand on the successful www.serbianfruit.com site and jump-start new subsector sites disseminating important product information and downloadable sector-specific marketing brochures targeted to international and domestic clients.

3. **Organize subsector-specific export associations.** Remer Lane and Graham Dale will assist in establishing industry associations for the subsectors where required, including a Confectionary Exporters Association, Berry Fruit Exporters, Stone Fruit Exporters, and Specialty Food Products Exporters Association. These associations will promote their specific products, organize themselves to participate in their targeted trade fairs, develop quality control standards, and operate sector-specific websites developed in coordination with the USAID Agribusiness Project. We will provide assistance in training, definition of organizational structure, and development of member services. This will be provided through a structured mentorship program, receiving significant support through Enabling Grants for the first two years, which will decrease in each year of the project thereafter.

4. **Launch a “Buy Serbia” campaign and mark of quality.** As mentioned, Serbian producers cannot expect a protected home market. Standards for product development, quality, service, and cost must match international standards or Serbian consumers will simply buy foreign products. However, Serbian producers can maintain and improve their share of the local and ex-Yugoslav market by ensuring that consumers have an accurate understanding of the quality of local products, where those products do in fact match international standards, and by encouraging positive association and repeat buying behavior with respect to distinct Serbian products in meat and dairy and processed vegetables. To encourage market share growth in the local market, we will work with the MAFWM, producer associations, and major buyers to develop and execute a “Buy Serbia” campaign including a mark of quality.

5. **Improve the effectiveness, volume, and reach of government support for international fairs and other promotions.** Following the end of SEDP, SIEPA and the MAFWM took over support for a full program of international fairs. These include the World Foods Moscow and Anuga Cologne, both of which will take place within 45 days of project launch. This program includes at least nine fairs in 2008.¹ The USAID Agribusiness Project will work with SIEPA and other counterparts in a number of ways.

Leveraging Trade Shows for Higher ROI

DAI’s Agribusiness Small and Medium-Sized Enterprise Market Development Program (ASME) has provided technical support and cost-share assistance for Armenian companies to take part in 34 international trade events. Fifty-one Armenian companies have taken part, and more than 50 percent have developed ongoing sales relationships with export buyers. ASME introduced the concept of joining all Armenian participants together in a single “Armenia Pavilion” at these trade events. Annual exports of companies assisted by ASME have increased by more than \$20 million—attributable, in large part, to trade show participation supported by \$500,000 in grants (for a 40:1 return on investment).

¹ Fairs include Green Week Berlin (January 18–27), Fruit Logistica Berlin (February 7–9), BioFach Nuremberg (February 21–24), Gulfood Dubai (February 24–27), FoodEx Japan (March 11–14), Fancy Food Chicago (April 27–29), Western Frozen Food (TBD), World Food Moscow (TBD), SIAL Paris (October 19–23).

- First, we will continue to identify and support the development of new trade fair opportunities and assist with systems for direct training of firms to optimize their participation in trade shows. This will start immediately with **Remer Lane** and **Jovana Ducic-Savic** working on the World Foods Moscow and Anuga shows.
- Second, we will help establish a transparent and vetted mechanism to select talented and proven producers to participate in international trade shows. For this to work, it is important that the industry selects producers that meet specific standards. Neither the project nor the government should be seen as picking the winners.
- Next, we will improve procedures for monitoring and evaluation and for phased graduation of producers from Enabling Grant-funded programs that will focus all parties on results and sustainability.
- Fourth, we will provide hands-on support, training, and mentoring to government marketing staff and to selected marketing service providers to ensure that they master events planning, web and print promotion, media buying, and public relations. DAI uses a six-month preparation plan (see text box) for each trade show that it prepares for and will share this programming with SIEPA to ensure that they adopt and apply it as well.
- Finally, we will provide technical assistance to the MAFWM in strategic budget planning, helping it modernize and customize its annual budget submissions to the Ministry of Finance (MOF), and improving its ability to make the case for funding under the National Investment Plan and EU IPA funding.

6. Enhance agribusiness linkages for market access. As noted earlier, opening up domestic markets for agribusiness and producer organizations will require stronger linkages into supermarket chains. Delta and Metro supermarkets have already agreed to work with the DAI team to enhance and increase their access to improved product. This direct link to the largest domestic buyers in the country, representing the most rapidly increasing segment of the Serbian market for foodstuffs, will be an excellent building block for increased producer sales. **Remer Lane** and **Graham Dale** will use Delta and Metro to serve as major points of leverage in the market and interact through them to provide the right assistance to large numbers of producer organizations and other agribusinesses.

Mounting a Trade Show Exhibit: A Step-by-Step System

Month One: Establish procedures for identifying delegation; obtain floor map for show. (Keeping a daily journal is useful—track your progress, and file show documents.)

Month Two: Confirm delegates, obtain relevant company and product information (provide to show management for the catalog); reserve exhibit space, considering nearby exhibitors; make travel and hotel reservations.

Month Three: Obtain pre-registration list, seminar agendas, and exhibit confirmation kit (includes deadlines, procedures, service suppliers); arrange for booth design, show brochure, any other promotional materials required.

Month Four: Brief the delegation—discuss goals, identify appointment preferences, compile on-site responsibilities chart; organize shipments; register for special seminars.

Month Five: Arrange appointments; plan tour of local wholesalers, importers, stores & ports; finalize schedules; send sample shipments; pack promotional materials.

Month Six: Arrive at show two days early; set-up booth, receive sample shipments; familiarize show team with service desk and with trade show organizers; meet with delegation to confirm responsibilities, special events.

Approach to Linking Agribusinesses to Supermarkets

- Identify lead market opportunities.
- Help agribusinesses improve quality, efficiency, and cost-effectiveness of processed products.
- Provide grants to develop market links and fund producer and agribusiness visits to markets.
- Help establish cold chains and other facilities to facilitate fresh and frozen shipments and higher “window” prices for producers and intermediaries.

Task	Year 1 Milestone	Results/Outcome
Institutionalize producer training and education in sales, marketing, and negotiation	Team delivers 12 high-impact contract negotiations trainings to main producer organizations and contract negotiations introduced at the University of Agriculture	Producers trained on contract negotiations; a sustainable contracts train-the-trainers elective course introduced; new courses approved by the Ministry of Education

Ensure agribusiness information reaches Serbian producers and that information on the subsectors reaches buyers	Producers have ready access to professional agribusiness publication and specialized internet sites; 2 additional subsector websites developed	Informed and professionalized agribusiness producers and international buyers
Organize industry subsector specific export associations	Sector associations organized and registered; training developed	Subsector associations operational and staff trained
Launch a “Buy Serbia” campaign and mark of quality	Campaign defined and coordinating committee of producers, buyers, government and associations defined	Improved market share of Serbian products in Serbian and ex-Yugoslav markets
Improve the effectiveness, volume and reach of government support for international fairs and other promotions	Successful implementation of two international fairs in first 45 days and 9 in 2008; National Investment Plan earmarks funding for agribusiness marketing	Talented and successful producers given access to funding for international trade show participation
Leverage relations with Delta and Metro to increase market access for Serbian product	Full MOUs and action plans with Metro and Delta; action plans implemented	Hundreds of producers define strategic initiatives to upgrade their skills and enhance market access

OBJECTIVE 1.3: YOUTH ENTERPRISE PROGRAM AND BUSINESS PLAN COMPETITION

In Serbia, as in many other former Socialist countries, rural youths often do not have role models—be it their parents, locally successful farmers, or educational organizations—with the experience and knowledge to teach them *farming as a business*. Many leave the countryside to pursue jobs elsewhere or stay on and work the family plot with little support for modernization, marketing, or investment. Some rural high schools (like the agricultural high school in Kraljevo) and agriculture universities offer ad hoc training courses on business planning, but there are no coordinated efforts at the national level on part of the Serbian government, academia, or private sector buyers and processors of food to institute a sustainable program to reintegrate youth into the country’s agricultural sector.

With the support of the MAFWM, the Ministry of Education, and the Chamber of Commerce, **Ivana Petrovic**, the USAID Agribusiness Project’s Youth and Gender Program Director, will develop an overarching youth development program that will prepare youth for business in agriculture through the school system. She will help create a 4-H program with **Michelle Owens** from MSU and launch a business planning competition to educate Serbian youth and allow them to obtain new ideas and financing for modernization and to learn a new way of thinking about the business of agriculture.

The USAID Agribusiness Project support for the youth sector will also leverage any existing government programs aimed at young farmers and promote a dialogue aimed at creating appropriate policy that allows for incentives for youth to engage in the agricultural industry, gain access to the factors of production (land, labor, and capital), be twinned with master farmers, undergo or have access to a farm apprenticeship scheme, and enable young farmers to gain access to land through improved leasing and/or purchase arrangements. Annex C: Youth provides a more detailed description of activities to be undertaken during the life of the project in the Youth Agribusiness Program.

Task 1.3.1: Develop youth business planning courses and competition. With the support of the MAFWM and the Ministry of Education, we will introduce business development planning courses in specialized agriculture high schools and agriculture universities in the country. This work will serve as a precursor to a national business planning competition supported by our project and headed by the MAFWM and the Serbian Chamber of Commerce. As these courses progress, we will help organize several rounds of Youth Business Plan Competitions, initially in conjunction with the Belgrade University School of Agriculture, the Agriculture High School in Kraljevo entrepreneurship class, and the Dairy School in Pirot. In each competition, participants will receive extensive training on developing their business concepts. Winners will be selected by successful business people and bankers and will receive grants to enable them to launch their concepts. In line with our subsector approach, we will prioritize on business plans into growth opportunities within the target subsectors.

Task 1.3.2: Institute 4-H programs. MSU's **Michelle Owens** and **Graham Dale** will help found a national 4-H program in Serbia by supporting counterparts who have already expressed interested in sponsoring programs, including the University of Belgrade, Agriculture High School in Kraljevo, the Dairy School in Pirot, University of Novi Sad Agricultural School, and the Cacak Institute. This national 4-H program will be linked regionally with 4-H affiliated chapters in Slovenia and Croatia. Our team will work closely with the USDA-FAS in this endeavor.

Task 1.3.3: Develop continuing education classes and internships targeted toward youth. The USAID Agribusiness Project will work with educators in universities, including initially the University of Belgrade and the Agriculture School in Kraljevo, to develop curricula and train trainers for a national continuing education program for youth in specialized agriculture schools. We will initially develop courses focused entrepreneurship, marketing and business development, and trends in agricultural production and technology, for which demand has been identified. After the initial launch, we will work with a small group of educators to develop curricula in additional areas. Our initial focus will be on classroom courses. However, we will look for opportunities to develop on-line and other distance learning offerings. As the program progresses, we will work with our counterparts and rural Chambers of Commerce to integrate work-study and internship programs for both continuing education and degree courses in agricultural high schools.

Task	Year 1 Milestone	Results/Outcome
Introduce business planning courses to all specialized agriculture high schools and agriculture universities in the country	Business development courses drafted	Training on enterprise development initiated in specialized schools across the country
Kick start a national young enterprise business planning competition	Young business plan competition program developed and operational; 10 business plans receiving grants in Year 1	The Chamber of Commerce organizes bi-annual national young enterprise business plan competition
Institute 4-H youth development programs linking them to 4-H affiliated chapters in Slovenia and Croatia	4-H program introduced in the University of Agriculture, agriculture high school in Kraljevo, dairy school in Pirot, University of Novi Sad Agriculture School, and Cacak Institute	4-H youth development programs operational; first annual 4-H youth development symposium organized
Develop curriculum for continuing education programs	Curriculum for continuing education classes drafted and introduced in the University of Agriculture in Belgrade	University of Agriculture in Belgrade launches first continuing education courses on enterprise and business development and management
Develop internship programs	Internship programs developed and delivered for second- and third-year students at agricultural high schools and agriculture universities	Internship programs certified by the University of Belgrade

OBJECTIVE 1.4: INITIATE CROSSCUTTING ACTIVITIES

Task 1.4.1: Generate positive media coverage. **Goran Djordjevic**, Media/Communications Specialist, will have two main functions: supporting the project's media activities with the subsector actors and ensuring good coverage of the USAID Agribusiness Project as a whole in the Serbian press. Mr. Djordjevic will work with media design and information companies to help private firms develop effective media campaigns, and will manage the public relations and information effort for the USAID Agribusiness Project. He will work closely with the various news agencies to develop good rapport, put out regular press releases on project activities, and channel the results from project studies and activities into the economic press, particularly focusing on targeted agricultural

Morocco: A Model for Disseminating Information

DAI's Moroccan Agribusiness Promotion Project provided the Moroccan economic press with completed project reports (subsector analyses) and market opportunity leads. The press, hungry for informed documents and story material, turned these into articles and regular sections of their weekly newspapers. MAPP was able to greatly increase the dissemination of the findings, reach larger numbers of agribusiness actors with market information, advance policy dialogue, and generally become regarded as the leading source of information on agribusiness in Morocco.

media, such as the Green Pages. In particular, Mr. Djordjevic will work with:

- The weekly TV program “Farma” and other TV and radio programs with extension oriented information on new technology, packaging, processing, prices, and new market information;
- The Atlas Media and other private educational media groups and disseminate information via internet websites; and
- AgroMeza/AgroNet, the agricultural NGO with the longest history of work in disseminating technical assistance and educational programs in Serbia.

Task 1.4.2: Establish women’s group focused on agriculture. Women face different constraints from men to entering into business. Although all of the project’s activities will take a gender-neutral approach and support the inclusion of women, **Ivana Petrovic**, our Youth/Gender Director, will establish a group of “Women Entrepreneurs in Agriculture” and mentor them. We will assist this group by providing generalized training in basic management and marketing skills and more sophisticated training in accounting and financial management, delegation of authority, labor and tax law, competitive pricing, and networking. A one-day meeting will be called twice in Year 1 to discuss policy issues and common problems. At the end of Year 1, a three-day training retreat will be staged to provide more intensive training and opportunities for networking. Many new partnerships of various types will result from these sessions.

Task 1.4.3: Access volunteers to support producer organizations and agribusinesses. DAI’s two-pronged volunteer strategy builds off IRD’s success with a similar venture, the Serbian Mentorship Program, and mobilizes new institutional resources to build sustainable Serbian capacity for market-led agricultural growth. Both strategies make maximum use of Serbian expertise, whether in the form of the Serbian diaspora or in-country academic and agribusiness leaders. Beginning during workplan development and continuing throughout implementation, the Agribusiness Project staff will identify “volunteer opportunity points” to ensure all donated assistance fits in to and supplements program objectives. Our key partner, IRD, created the model for the Serbian Mentorship Program, while our RAISE+ partners Land O’Lakes and Winrock have managed farmer-to-farmer volunteer programs for decades. With these resources, our project’s volunteer program can quickly mobilize skilled Serbian diaspora and in-country academic and research professionals to lend their expertise and provide tangible improvements to Serbian agribusinesses.

Task 1.4.4: Implement provisions of Initial Environmental Examination (IEE) and ensure environmental compliance of all USAID Agribusiness Project activities. Our environmental team, under the leadership of **Jelena Colic**, will conduct environmental due diligence as specified in the IEE and monitor USAID Agribusiness Project activities to ensure that all environmental concerns are addressed. Other illustrative activities include:

- Collaborating with EU, U.S., and Serbian environmental organizations to set up a program to assist Serbian farmers in compliance with EU and international environmental standards, such as pollution run-off into the Danube River and other watersheds; and
- Working with the Swine Producers Cooperative Union of Vojvodina to explore bio-gas solutions to make the biggest livestock sector in Serbia more environmentally friendly.

Task 1.4.5: Ensure gender is included in all USAID Agribusiness Project activities. Ivana Petrovic will immediately develop staff training in gender issues. Ms. Petrovic will assist Slavenko Djokic in ensuring that gender is taken into account in all project activities through Monitoring and Evaluation.

Task 1.4.6: Develop Cross Border Program. A great percentage of the USAID Agribusiness project activities naturally include cross border trade and marketing. In addition to normal marketing and trade the project will also establish a network between other agribusiness projects in Macedonia, Bosnia, Croatia and Albania. Initial discussion has already taken place on holding a regional seminar to discuss our projects and to share experiences.

The project also intends to attend trade fairs, assist agribusinesses to visit other projects and conduct business to business visits in the region.

COMPONENT 2: IMPROVED ENABLING ENVIRONMENT FOR SERBIAN AGRIBUSINESS

OBJECTIVE 2.1: IMPROVE CROP AND LIVESTOCK PRODUCTION ESTIMATES AND MARKET PRICE INFORMATION

An accurate information system can help farmers avoid agricultural overproduction and manage specific shortages of high-value horticulture crops and livestock. For efficient operation in domestic and export markets, farmers need better access to information on regional price and production variation, consumer behavior, weather conditions, and the competitive landscape. In the recent past, a decline in national government services and the collapse of state marketing systems left a void that has not been completely filled. Currently, market information systems (MIS) provide weekly prices through several media outlets, such as the television and newspapers. However, MIS operators lack coordination, accurate production figures, and public awareness.

Task 2.1.1: Strengthen the Serbian System for Transmission of Information on Agriculture Prices (STIPS).

Led by **Bill Emerson**, the DAI Team will work closely with the MAFWM to improve and strengthen STIPS. Close donor collaboration with the USDA is important to avoid creating fragmented information systems. To complement USDA's ongoing technical assistance, we will carry out activities designed to improve and expand the primary data collection by including in-country consumption and production data (existing data are limited to export and import quantities and prices).

Task 2.1.2: Develop Agro SMS capacity. In year one, the USAID Agribusiness Project team, led by **Remer Lane**, will look into providing additional assistance to the Agro SMS program developed by SEDP. The system was handed over to a private SMS media company and was supposed to be used to make available EU markets and STIPS pricing information to farmers by way of ICT programs. Unfortunately, this easy method of gaining market information was not widely used by farmers and the company stopped operating the SMS program. The Project will examine the Agro SMS system to see if it can be revived and is sustainable. If so, the USAID Agribusiness Project team will look into:

- Supporting a public awareness campaign to educate farmers, producers groups, and processors on the importance of market information, as well as provide useful tips on how to use Agro SMS;
- Possibly changing SMS service provider or providers; and
- Continuing to facilitate collaboration between the MAFWM, Bureau of Statistics, and the USDA to improve the accuracy of the commodity list provided by this system.

Task 2.1.3: Organize targeted agricultural census activities. Serbia has not completed a national agricultural census in 10 years. Using Enabling Grants, the USAID Agribusiness Project team, led by **Bill Emerson**, will collect information on the target subsectors and work closely with the MAFWM and the FAO to determine the best way to compile required agricultural statistics to inform strategic planning and decision making. Specifically, the project will:

- Help the MAFWM and FAO design an agricultural census that is in line with the current Serbian Agriculture Strategy;
- Work closely with the Bureau of Statistics and the FAO to provide training in survey methodologies to statistical estimators employed by the Bureau; and
- Directly support discrete subsector surveys.

Agro SMS: A Platform Ready for Expansion

Under **SEDP**, Booz Allen Hamilton facilitated the creation and marketing of Agro SMS, a commercially driven market information system. Agro SMS assembles market price information from commercial databases covering major European wholesale markets and the GOS wholesale market prices and makes them available to Serbian producers and traders via a cell phone SMS system. While not yet fully profitable, it provides a good platform for developing and distributing new information products.

Task	Year 1 Milestone	Results/Outcome
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Strengthen STIPS	Training of 200 ag-reporters (of which 100 are women)	Expansion of the pricing list with 20 more commodities
Develop Agro-SMS capacity	<ul style="list-style-type: none"> ■ Training of 100 statisticians and others (of which 40 are women) ■ Workshops with 75 farmer organizations on market information requirements 	Improvement of data management and dissemination; better demand for market information
Facilitate improved national agricultural statistics	Three subsector census surveys completed	Increased capacity among farmers on the use of market information

OBJECTIVE 2.2: FACILITATE LEGAL, POLICY, AND REGULATORY REFORM

The Agriculture Strategy of Serbia does a good job outlining the principles and goals for the agricultural policy. However, the strategy has not been consistently implemented, and the regulatory regime remains cumbersome and fragmented. In particular, there are two broad problems.

First, many of the laws, bylaws, and decrees required for the development of a competitive agricultural sector are either not implemented, not enforced, or require extensive amendment. One example is the legal framework for protection of intellectual property in plant varieties. Without legislation in this area, Serbian food producers do not have access to the full seed book in many categories and cannot compete effectively. Although a law on the topic has been introduced, it has not been passed and it requires re-drafting.

Second, there is an insufficient role for private sector influence on Serbian legislation and international treaty negotiation. For example, in the last CEFTA round, Serbia accepted a 30 percent duty on potato chips to several markets including Romania, which was crippling to several exporters, none of which were consulted on the treaty. With the increasing tempo on negotiation on international obligations, including with the EU, it is crucial that the consultation and advocacy process be improved.

At present, there are encouraging initiatives on the part of the MAFWM to include the private sector in the revision of the National Agriculture Strategy (e.g., the Ministry sponsored the Private Public Conference on National Agribusiness Strategy held last month) Moreover, the announced openings of MAFWM offices in Zrenjanin, Uzice, Novi Sad, and Krusevac will greatly increase the access to information and participation of end users in the policy drafting process.

The DAI team will work with the MAFWM, academia, private business associations (e.g., National Alliance for Local Economic Development), the Government of Serbia's Legislative Office and the Agriculture Committee in the Serbian National Assembly to create a more open, and focused private-public legislative drafting process. To do so, we will assess the possibility of forming a working group to help coordinate legislative drafting relevant to the sector. To ensure sustainability, the working group will be organized with membership associations, local lawyers, government, and private companies. USAID Agribusiness Project support to the working group will be carried out primarily by Serbian consultants from the beginning.

Task 2.2.1: Create framework for MAFWM policy support. The USAID Agribusiness Project will provide technical assistance to the MAFWM in diagnosing and assessing current agribusiness laws and regulations. Our team will draft recommendations on next steps in legislative drafting, revisions, or annulments. The baseline assessment study that emerges from this process will be a thorough policy analysis aimed at supporting the MAFWM in improving the agribusiness sector and its compliance with international best practices and EU policies.

Task 2.2.2: Provide technical support to policy coordination. In cooperation with the MAFWM, we will establish a working group responsible for coordinating initiatives with the private sector, the public sector, and legislative entities. The core team will be composed of local lawyers and practitioners, overseen by the USAID Agribusiness Project staff. This team will be charged with coordinating the efforts of the Legislative Office of the Government of Serbia and the Agricultural Committee in the National Assembly.

Task 2.2.3: Support policy implementation. **Bill Emerson** will work closely with the MAFWM, the University of Belgrade, Faculty of Agriculture, and public and private stakeholders to organize workshops on the measuring the effects by new legislation. These trainings will focus on what impact the new policies will have once passed and how to ensure that they are properly incentivized.

Task 2.2.4: Address specific policy reform activities. In addition to the more general support, we will pay special attention to three high-profile policy issues:

- **Warehouse Receipts (WHR):** The GOS draft law on WHR rural finance for short-term crop loans has been before the Serbian Parliament for two years; it has not successfully passed, largely because of opposition by the anti-reform parties. All that is needed is the passing of the draft law, and the appropriation of some \$3 million by the GOS to police the system of WHR papers, and the program could start up. The USAID Agribusiness Project, using **Krassimir Kiriakov** who helped draft the initial law, will work with the GOS to pass and implement the WHR law to build up the presence of \$20 million in seasonal (month-by-month) loans pledged against grains or other verified agricultural/food assets in storage.
- **Legalize Plant Protection Rights.** Serbia is not a member of the International Union for the Protection of New Varieties of Plants (UPOV). This limits Serbia's ability to introduce the latest and most productive plant varieties to grow in the country. A law has been drafted by the MAFWM that meets most industry requirements for plant protection rights. We will work with the industry on advocacy activities to ensure wide consultation and rapid passage of the law.
- **Reform Farm Cooperative Laws and Registrations in Serbia:** The free market liberalization movement received negative input from the still existing Cooperative Unions of Serbia and Vojvodina that rely on the 1971 Tito era law for cooperatives to share wealth equally among a minimum of 10 members. The old law, still in effect, requires all cooperatives to be members of these Cooperative Unions and pay mandatory dues every year. Although most of these dues are ignored, the existing system makes cooperatives unattractive for many farm villages. Moreover, with the new law proposed, only three farmers and a minimum of 1,500 euros need be invested to start new farm cooperatives or re-register existing cooperatives. More importantly, the new law allows unequal ownership of assets (e.g., donations to the cooperative in-kind or cash by larger farmers), which would provide a large incentive to grow cooperatives as has occurred in Hungary.

The project policy team, led by **Bill Emerson** and **Sasha Marushic**, will work to strengthen national farm groups that advocate change at the national level with the GOS. A new cooperative law would facilitate loans to cooperatives, since currently all their assets are equally owned (with unequal ownership overcome through a complicated set of bylaws and contractual agreements between members). Reforming the ownership of the assets of the cooperatives would greatly facilitate farm loans since cooperatives themselves do not have much incentive for seeking loans, even though they may own large amounts of assets and have longstanding sets of documentation on their sales and purchases that make them easy candidates for farm loans.

Activity	Year 1 Milestone	Results/Outcome
Create framework for MAFWM policy support	Baseline assessment with hands-on, measurable benchmarks	First agribusiness legislative study developed in Serbia to date
Provide technical support to policy coordination	Policy reform working group established; staff appointed; mission and goals set	Streamlined, transparent and efficient agribusiness policy drafted, passed, and implemented
Support policy implementation	6 regional workshops organized for private and public stakeholders	Increased awareness and understanding of Serbia's agribusiness policy
Address specific policy reform activities: warehouse receipts, UPOV, and cooperative law	<ul style="list-style-type: none"> ▪ Passage of the warehouse receipts law ▪ Passage of the draft law on protection of new varieties of plants ▪ Substantial progress towards passage of the law 	<ul style="list-style-type: none"> ▪ Increased access to finance for farmers ▪ Increased ability of Serbia farmers to access latest, high-yielding varieties

COMPONENT 3: ESTABLISH AND MANAGE USAID AGRIBUSINESS PROJECT GRANTS PROGRAM

Under the USAID Agribusiness Project, we will use a \$5.2 million grants fund to help achieve the desired project results. Although \$5.2 million is a significant amount of money, it only comes to an average of just over \$1 million per year and it must be carefully managed by the project to really drive the growth of the agricultural sector in Serbia. Annex B provides an in-depth review of the two components of the grants program: the Investment Incentives Grant component and the Enabling Grants component, the types of activities they will support, and their selection criteria, award processes, monitoring and evaluation, and reporting. Rather than repeat that information here, we will focus on the related tasks during Year 1.

Task 3.1. Establish the grants categories and manuals and get USAID concurrence. DAI's Grants Manager, **Slavenko Djkoic**, working closely with Operations Director **Goran Radojevic** and Chief of Party **Gene Neill**, to will define the Investment Incentive Grants program and the Enabling Environment Grants programs. The grants manuals will be prepared during the first month and submitted to USAID for approval with the first annual workplan. The manuals will build from DAI's current grants manual under the SCOPES project and the highly successful grants programs in Croatia and Armenia. The funding allocation between the two grants programs will be decided in tranches, as the first annual workplan will provide greater clarity on the actual ability to draw down against the two funds.

Task 3.2 Implement Investment Incentive Grant program. We envisage two different processes for awarding Investment Incentive grants. Since the project will be promoting time and seasonally sensitive activities, some grants will be awarded through a competitive selection process on a fixed schedule, while others will be awarded on a case by case basis. The competitive grant program will be organized two times in Year 1: the first 6 months into the project and the second just before the end of the first year.

Task 3.3 Implement Enabling Grant program. The Enabling Grant program will serve as a tool to support public good activities. As such, the cost share will depend on the beneficiaries accessing the programs. For instance, if the grant is to an association for the benefit of its members, then the criteria around disbursement will include a cost share. If it is to carry out a study, a survey, or census that will then be turned into public information, it will not be a cost share. Awards of Enabling Grants will made be on a rolling basis and will generally emanate from project-sponsored activities and initiatives. Therefore, applications will normally be developed between the project staff and the recipients to define mutually agreed activities and outputs.

PROJECTED JOB CREATION

Through the combination of investment incentive, youth, and enabling grants, the project foresees the creation of at least 10,000 new, sustainable jobs through the life of the project. These numbers may increase depending on a sectors growth and interest of producers, processor and markets. Yearly forecasts are shown below:

Performance Indicator	Dis-aggregated by:	Methodology (data source)	Responsible Parties for Measuring, Collecting, Tracking, Evaluating, Reporting, and Validating Data	Baseline	2008	2009	2010	2011	2012

USAID Agribusiness Project RESULTS

Performance Indicator	Dis-aggregated by:	Methodology (data source)	Responsible Parties for Measuring, Collecting, Tracking, Evaluating, Reporting, and Validating Data	Baseline	2008	2009	2010	2011	2012
Number of new jobs added in employment in agricultural processing and services.	Region; gender of new employees; type of firm; type of employment	Annual client satisfaction and impact survey	Client survey designed and implemented by the M&E specialist including data validation and reporting	0	Add 1,000	Add 3,000 (cumulative)	Add 5,000 (cumulative)	Add 7,500 (cumulative)	Add 10,000 (cumulative)

LONG TERM STAFF WORK PLANS

Five key personnel are employed on the USAID Agribusiness Project and were identified in the proposal. The following are brief descriptions of their intended activities for the period of September 28, 2007 to September 30, 2008. The table shows the main experience and responsibilities of each of our key personnel for the first and subsequent project years.

Name/Role	Expertise	Scope of Work
<p>Gene Neill</p> <p>Chief of Party (Years 1–4)</p>	<ul style="list-style-type: none"> ▪ Eighteen years as Chief of Party or Project Director leading multidisciplinary teams of professionals and serving as primary liaison to donor and host-country officials on agribusiness-related programs overseas ▪ Extensive expertise expanding growth potential for agriculture producer organizations, increasing business skills of local counterparts for operational effectiveness, and developing community-based and transition programs ▪ Highly experienced in USAID project management and financial reporting compliance procedures ▪ Experience developing and mentoring local staff for increased responsibility ▪ Five years as Chief of Party in Serbia developing multiple community revitalization programs in agriculture and agribusiness 	<ul style="list-style-type: none"> ▪ Provide overall management, leadership, and technical direction to The USAID Agribusiness team members ▪ Serve as primary liaison to USAID, local authorities, and DAI home office management on all project-related matters ▪ Provide timely reporting of project goals and milestones to USAID ▪ Oversee project financial performance and targets ▪ Provide technical assistance as appropriate ▪ Refine and monitor local staff development plan for handover ▪ Mentor and groom local professionals for increased responsibility
<p>Goran Radojevic</p> <p>Operations Director/Grants Administrator (Years 1–4); Chief of Party (Year 5)</p>	<ul style="list-style-type: none"> ▪ Highly experienced in project management, financial tracking and reporting, grants management, and administrative operations ▪ Has served as Chief of Party, Deputy Chief of Party, and Program Manager on several USAID programs since 1998 ▪ More than 20 years of experience managing office operations, budgets, procurement, and logistics ▪ Oversaw and managed CRDA-E Volunteer and Youth programs including project planning, preparation of scopes of work, project implementation, and facilitation of financial/program reporting according to USAID requirements ▪ Experienced in preparation and monitoring of project budgets in accordance with workplans and monitoring use of financial resources in compliance with USAID rules and regulations ▪ Supervises bidding documents and overseas local contracting and grant components and manages relations with grantor, subcontractors, and local counterparts ▪ Experienced with various grant mechanisms and in grant management, including in-kind grants and monitoring progress for impact 	<ul style="list-style-type: none"> ▪ Provide management, supervision, and assistance to team of administrative and financial professionals and program area leaders in youth, volunteer, monitoring and evaluation, and grants ▪ Work closely with the Chief of Party in developing and monitoring budgets, tracking expenditures, and developing financial controls ▪ Manage office operations including logistics, supplies, vendor relations, procurement, and human resources ▪ Assist in project planning activities and workplans ▪ Establish reporting procedures and guidelines in compliance with USAID and DAI home office systems ▪ Oversee grant administration and monitor activities against indicators for project impact ▪ Supervise all financial matters, including planning and monitoring, management of subcontracting, procurement, and budgeting ▪ Assist in maintaining, and ensure updating of, financial information for accurate and timely reporting to management ▪ Train staff in financial reporting for USAID compliance
<p>Bill Emerson</p> <p>Deputy Chief of Party/Agriculture Information and Policy Advisor (Years 1–3)</p>	<ul style="list-style-type: none"> ▪ Head of international trade negotiations assisting governments in market expansion through adoption of international trade and investment standards (General Agreement on Tariffs and Trade/World Trade Organization) ▪ Experienced developing and enhancing market information surveys and systems for timely decision making and market intelligence gathering ▪ Served as an accredited diplomat in 30 countries for USAID and USDA ▪ Was Country Director for the Serbia Agricultural Trade and Investment Program focused on trade capacity building, market access, trade policy, SME development, and trade association development ▪ Directed the U.S. Embassy's Regional Agricultural Committee, based in Belgrade, covering issues in agricultural development, EU trade, and investment programs in Serbia, Montenegro, Kosovo, Bosnia, Macedonia, and Croatia 	<ul style="list-style-type: none"> ▪ Develop technical services to enhance enabling environment for finance, market information flow, production improvements, and regulatory constraints ▪ Serve as Acting Chief of Party in the absence of the Chief of Party ▪ Coordinate short-term technical assistance and develop scopes of work as needs are identified ▪ Develop a program of technical and operational support and training related to the collection, compilation, and dissemination of information ▪ Establish private sector alliances for agribusiness investment ▪ Serve as advocate on issues of primary concern, collaborating with other donors and industry leaders on policy reforms ▪ Identify policy reform and regulatory issues with impact on agribusiness competitiveness and efficiency ▪ Mentor and groom local professionals for increased responsibility ▪ Serve as advocate to agribusiness community

Name/Role	Expertise	Scope of Work
<p>Graham Dale</p> <p>Producer Organization Development Advisor</p> <p>(Years 1–2)</p>	<ul style="list-style-type: none"> ▪ Thirty years of experience in agribusiness production, processing, marketing, and distribution, and in introducing HACCP and food safety standards ▪ Extensive experience in agribusiness development specializing in fruit and vegetables, poultry, dairy, livestock, and direct export marketing ▪ Former U.K. Delegate for the Federation of Agricultural Co-operatives to INTERCOOP ▪ Provided planning, hands-on support, and direction to the USAID AgVANTAGE project to maximize production of crops, processing, post-harvest handling, and export marketing ▪ Extensive experience working on agribusiness programs in the Caucasus region and Central Asia, with recent experience in Romania and Montenegro ▪ Relevant experience leading reorganizations and restructurings of cooperatives and farmer associations by applying sectoral references to associations to ensure sustainability through profitable service provision, personnel organization at packhouse and office levels and transferring skills at the farm level ▪ Highly qualified in preparing and delivering a wide range of training materials targeting farmers, associations, ministry officials, commercial sectors operatives, and local project staff 	<ul style="list-style-type: none"> ▪ Responsible for building capacity in the subsectors identified under the USAID Agribusiness for producer organizations and associations to improve the value chain ▪ Help build producer organizations and associations in number and capacity in the areas of export production, operational efficiency, marketing, and rural finance ▪ Provide expertise in uses of quality inputs and production efficiencies to lower costs ▪ Advise producer organizations on marketing, including the formation of linkages and alliances ▪ Provide expertise in supply chain management, technology uses, and quality inputs to meet grades and standards for European markets ▪ Identify needs for, and assist in the establishment of, new producer organizations and associations to benefit subsectors ▪ Help build linkages among cooperatives, producer organizations, agribusiness suppliers, financial institutions, commercial agencies, and government entities ▪ Perform training, site visits, and observations to transfer knowledge and build capacity ▪ Form apex bodies for farmers associations and build the capacity to form a large number of associations to increase production of quality exports in targeted subsectors
<p>Remer Lane</p> <p>Marketing/Export Advisor</p> <p>(Years 1–2)</p>	<ul style="list-style-type: none"> ▪ Economic and agribusiness development expert with extensive international experience assisting markets in identifying new export markets ▪ Led the export development component of SEDP since 2003 and drafted the National Agricultural Strategy for Fresh Fruit & Vegetables and Processed Fruit for Serbia's Ministry of Agriculture; based on this strategy there was a 100 percent increase in exports in 2006 ▪ Developed the National Fresh Fruit and Vegetables Export Strategy ▪ Has led trade shows internationally and provided training and business-level assistance to local firms, associations, and municipal government representatives ▪ Experienced in executing coordinated marketing, production, promotion, regulatory, and sales strategies across companies, suppliers, business service providers, and government ▪ Eighteen years of hands-on experience in the private sector assisting companies and associations in various industries. 	<ul style="list-style-type: none"> ▪ Lead technical activities in product development, marketing, and export ▪ Build capacity with local producers and processors ▪ Lead and facilitate trade shows and fairs ▪ Develop strategies for targeted commodities and products ▪ Provide mentorship and training to local professionals ▪ Develop technical assistance and training to organize producer organizations as agricultural enterprises ▪ Support organizations in developing strategies and investment plans for profitability sourcing and marketing producer organizations ▪ Advise producer organizations on marketing, including the formation of linkages and alliances and relationships with banks, industry organizations, and others

SHORT TERM ASSIGNMENTS IN YEAR ONE

The following table illustrates our best anticipated short-term assignments in year one.

Short-Term Consultants

SUMMARY OVERVIEW

Name (Firm)	Expertise	Scope of Work foreseen
Ingrid Ardjosoediro, (DAI)	<ul style="list-style-type: none"> ▪ Market Analysis ▪ Sub Sector Research ▪ Data collection and analysis 	<ul style="list-style-type: none"> ▪ Specializes in market information and data analysis. ▪ Extensive experience in value-chain analysis and food standards/certification
Beth Cunningham (DAI)	<ul style="list-style-type: none"> ▪ Project Coordinator 	<ul style="list-style-type: none"> ▪ Ms. Cunningham will be the project coordinator responsible for communication and tracking project activities in Bethesda. She will be a member of the rapid start-up team.
Sanjin Sahadzic (DAI)	<ul style="list-style-type: none"> ▪ Information technology specialist 	<ul style="list-style-type: none"> ▪ Mr. Sahadzic will install all IT hardware and software in the Project office. He will establish links with the home office using voice over internet to reduce costs and improve communication
Dr. David Neven (DAI)	<ul style="list-style-type: none"> ▪ Market and data analysis ▪ Retail Market Analysis ▪ Value Chain Analysis ▪ Surveys 	<ul style="list-style-type: none"> ▪ Dr. Neven will organize the sub-sector analysis and prepare reports on 9 value chains ▪ Share over 10 years of experience in agri-food market and value-chain analysis, retail market specialist ▪ Will advise/assist in the analysis of and program development for supermarket related value chains
John Bowman (DAI)	<ul style="list-style-type: none"> ▪ SPS ▪ Production and packaging ▪ Avian influenza 	<ul style="list-style-type: none"> ▪ Will advise on management of agro raw materials procurement and quality assurance programs for food-processing companies. ▪ Extensive experience in seed production technology, food safety and phytosanitary for export agriculture, and agricultural technology transfer.
Mirjana Bulatovic-Danilovich (MSU)	<ul style="list-style-type: none"> ▪ Research and extension ▪ Extension services ▪ Integrated pest management 	<ul style="list-style-type: none"> ▪ Seventeen years of experience as an extension educator with an applied research component. ▪ Consultant work in maintaining and improving production technology in commercial fruit orchards/nurseries. ▪ Provides in-season twilight training for growers and orchard in integrated pest management.
Bill Grant (DAI)	<ul style="list-style-type: none"> ▪ Value chain analysis ▪ Business linkages ▪ Trade policy frameworks 	<ul style="list-style-type: none"> ▪ Project start-up, policy analysis, subsector and value chain analysis, business development services, and financial services for agriculture and agribusiness reform programs. ▪ Has trained hundreds of host-country and international consultants in value chain analysis.
Jeremy Kanthor (DAI)	<ul style="list-style-type: none"> ▪ Voucher systems ▪ SME development 	<ul style="list-style-type: none"> ▪ Will develop voucher administration systems for pilot programs in Moldova and Romania. ▪ Experience assisting SMEs with voucher manuals, interviewing stakeholders, and developing appropriate monitoring and controls.
Gary Kilmer (DAI)	<ul style="list-style-type: none"> ▪ Business linkages ▪ Rural economic growth 	<ul style="list-style-type: none"> ▪ Experience developing private business support centers and strengthening their operations. ▪ Will work with ISO quality management certification programs for Ag SMEs. ▪ Assist exporters in establishing linkages with small-scale growers and Ag SMEs.

Name (Firm)	Expertise	Scope of Work foreseen
Krassimir Kiriakov (QED)	<ul style="list-style-type: none"> ▪ Warehouse receipts ▪ Agricultural policy 	<ul style="list-style-type: none"> ▪ Senior Advisor to the Serbian MAFWM on the draft Warehouse Receipt Law. ▪ Consultant on warehouse receipts for a World Bank/Food and Agriculture Organization (FAO) agricultural competitiveness project.
John McCormack (IRD)	<ul style="list-style-type: none"> ▪ Livestock production ▪ Rural development 	<ul style="list-style-type: none"> ▪ In-depth understanding of EU Common Agricultural Policy and its mechanisms for the agricultural sector. ▪ Will assist the livestock and dairy production value chain with quality controls/standards. ▪ Will provides support to SMEs, producer organizations, and processors in productivity and market improvements.
Mary Miller (DAI)	<ul style="list-style-type: none"> ▪ SME lending ▪ DCA 	<ul style="list-style-type: none"> ▪ Will provide support for the finance component of the Project. ▪ Senior project manager for a USAID Office of Agriculture project working to alleviate the constraints to financial sector development/access to finance in rural areas.
Michelle Owens (MSU)	<ul style="list-style-type: none"> ▪ Former 4-H adult leader ▪ 4-H program development ▪ Training 	<ul style="list-style-type: none"> ▪ Developed and coordinated the implementation of The Growing Connection with FAO. ▪ Started the first youth program in Ghana, and schools in Chicago, with support from Rotary International, American Horticultural Society, U.S. Committee for FAO, and programming materials from 4-H. ▪ Will help establish 4 H in Serbia and work with Ivana Petrovic to develop agribusiness curricula for schools
Edward Reinauer (DAI)	<ul style="list-style-type: none"> ▪ SME development ▪ Agricultural production, processing, and marketing 	<ul style="list-style-type: none"> ▪ Will assist project producers in improving product quality and increasing overseas exports. ▪ Advise on agribusiness domestic goods and create sustainable employment. ▪ Will help design customer feedback systems for wholesalers and chain stores.
Pvlla Cornejo	<ul style="list-style-type: none"> ▪ TAMIS Expert 	<ul style="list-style-type: none"> ▪ Will establish TAMIS system for M and E for the USAID Agribusiness Project
Andrew Vonnegut (BAH)	<ul style="list-style-type: none"> ▪ SME finance ▪ Private sector investment ▪ Regulatory reform 	<ul style="list-style-type: none"> ▪ Oversaw design and implementation with the Serbian MAFWM of a successful strategy to transition from bulk production to higher-value fresh and processed food markets. ▪ Involved in numerous regulatory matters for agricultural reform programs including labor laws, land restitution, and finance.
Mira Ibrsimovic (BAH)	<ul style="list-style-type: none"> ▪ Communications ▪ Project coordination 	<ul style="list-style-type: none"> ▪ Conduct project start-up and hiring for BAH ▪ Coordinate BHA projects ▪ Develop effective lines of strategic communications between projects in-country and HO
John Mennel (BAH)	<ul style="list-style-type: none"> ▪ Competitiveness ▪ Technical support 	<ul style="list-style-type: none"> ▪ Technical support and cross-sector initiative with Serbia Competitiveness

ANTICIPATED BUDGET REQUIREMENTS

The project received an initial obligation of US\$5,100,000 in September 2007. Budget predictions through September 2008 show a requirement of US\$6,211,024. The project estimates indicate that an additional US\$1,111,024 will be required.

Contract Number:	EDH-I-09-05-00004-00/9
Contract Start Date:	9/28/2007
Contract End Date:	9/27/2012
Contract Value:	\$23,870,217
Total Funding to Date:	\$5,100,000

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

GOOD GOVERNANCE

Government institutions in Serbia are still weak, and procurement procedures are not necessarily taking place in an open and competitive environment. In such situations there is a potential for corruption, which might involve USAID Agribusiness Project funds, as well. Therefore, the USAID Agribusiness Project shall structure implementation and monitoring procedures to emphasize transparency and accountability in making decisions, minimizing the potential for waste, fraud and corruption.

The USAID Agribusiness Project will use fully transparent competitive practices while awarding the grants; and the grantees will maintain strong record of the activities related to the competitive practices associated with the procurement of materials and services funded by the project.

The USAID Agribusiness Project staff will provide an effective oversight and monitoring of all activities associated with the Grants Program. Further, appropriate language in the grant agreements will alleviate potential for fraud and corruption.

Nevertheless, the USAID Agribusiness Project will include summary descriptions of the kinds of corruption, if any; affecting the sub-sector and the actions, which will be taken to ameliorate the situation in its reporting.

In addition to the grants program, the USAID Agribusiness Project will work with government, associations, and businesses to establish best practices in agricultural business. These will include strong, member-based associations with transparent by-laws and procedures. Transparent accounting procedures and practices will be taught and promoted. We will strive to help enact policies and procedures based on sound management and not political orientation.

FIELD OFFICES

In addition to the projects' headquarters office in **Belgrade**, three field offices will ensure broad-based and cost-effective project implementation. The Belgrade office will serve as the hub of the project, housing the leadership team and a small Serbia professional staff. Staff in the Belgrade office will coordinate with USAID, other international donors, and host-government agencies; work with larger processors and associations; and regularly rotate out to field offices to provide technical assistance. We plan to establish field offices in **Novi Sad, Cacak,**

and **Nis**. This configuration will ensure that the project has an impact countrywide and can address value chains more efficiently by having a presence where the value chains are operating. The choice of field offices is open to debate with USAID. In all three field offices, we will provide secure working space to house staff from USAID's monitoring unit.

Each field office will be staffed by technical specialists, two agricultural development officers. Staff in these offices will play a facilitative role, building strong working relationships with local producer organizations, smaller processors and associations, regional universities (such as Novi Sad Agricultural University and Cacak Institute for Fruit and Viticulture Research), and ABDS providers. They will become the "face" of the project, interacting on a regular basis with all of the subsector actors in their regions. In addition, each field officer will be a sector champion responsible for suggesting and following activities within their particular subsector. Field offices will also allow us to more closely monitor the use of grants and vouchers and provide assistance to companies to produce documentation necessary to compete for incentive and enabling grants. Field office personnel will also have a better feel for opportunities which may present themselves.

	Responsibility	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Rapid Start Up Activities													
Project Start Up													
Mobilize Long-term staff and establish field offices	HO START-UP TEAM												
Initial Consultations with USAID and Partners	HO team,GN,EG,RL,GD,BE												
Train staff in operations and management systems	HO Start-up team												
Develop Procurement Procedures manual	HO Start-up team, GR, SD												
Gender training for project staff and partners	HO Start-up team, IP												
Train staff and partners in ISP tools	HO Start-up team												
Develop Year one Work Plan and submit to USAID	GN,WG,RL,GD,BE,IP												
Launch Project Tools													
Develop Project TAMIS	OIT												
Develop Website	GDJ												
Develop Performance monitoring plan	SD,GN,GR												
Ongoing Project Activities													
Monthly Meeting with USAID	GN												
Quarterly reports	GN,GR,SD												
Establish LTTA mentoring strategy-quarterly evaluations	ES												
Servicing information databases	OIT												
Component 1: Increased Efficiency and Competitiveness of Serbian Agribusiness													
Objective 1.0: Develop Subsector Commodity Action Plans													
Task 1.0.1: Select Sub-sectors	GN,BE,RL,SM,WG												
Task 1.0.2: Conduct Rapid Sub-sector Assessments	WG,SD,BE,GD,RL,SM,IA,GN												
Task 1.0.3: Develop Commodity Action Plans	GN,GD,RL,BE												
Objective 1.1: Strengthen Producer Organizations													
Task 1.1.1: Conduct rapid inventory of producer orgs.	GD,GJ												
Task 1.1.2: Conduct needs assessments of selected orgs.	GD,GJ,MD,ER,JM												
1. Technical	GD,GJ,MD,ER,JM												
2. Financial and Management Training	GD,DR,GJ												
3. Marketing	GD,DR,RL												
Objective 1.2: Improve ABDS Delivery													
Task 1.2.1: Build supply for business services													
1. Identify and prioritize required skills by sub-sector	SM,RL,GD,JD,GJ												
2. Develop ABDS provider database	GD												
3. Provide sub-sector specific technical assistance	SM,RL,GD,JD,GJ,RV												
4. Train ABDS providers	SM,RL,GD,JD,GJ,RV												
5. Develop relationships with international suppliers	RL,GN												
6. Help establish required ABDS that do not exist in Serbia	SM,RL,GD,JD,GJ,RV												
7. Introduce ABDS Voucher program	GD,JK												

	Responsibility	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Objective 1.2: Improve ABDS Delivery													
Task 1.2.2 Improve access to financial services													
1. Improve knowledge and bankability of agricultural SMEs	GJ,STTA												
2. Assist banks to develop products and skills	GJ,STTA												
3. Assist banks in developing ag market demanded products	GJ,STTA												
4. Assist Serbian ag firms and producer orgs to access GOS funds	GJ,GD												
5. Improve collateralization of farms through legal registration	GJ,GD												
Task 1.2.3: Improve access to domestic and international markets													
1. Institutional producer training and education	RL,GDJ,JD,RV												
2. Ensure info flows for producers and buyers in sub-sectors	RL,GDJ,JD,RV												
3. Organize sub-sector export associations	RL,GDJ,JD												
4. Launch a BUY SERBIA campaign and mark of quality	RL,GDJ,JD												
5. Improve government support for promotional events	RL,GDJ,JD												
6. Enhance agribusiness linkages for market access	RL,GD,JD												
Objective 1.3: Youth Enterprise Program and Business Plan Competition													
Task 1.3.1: Develop Youth Business Planning courses and competition	IP,MO												
Task 1.3.2: Institute 4H programs	IP,GD,MO												
Task 1.3.3: Develop continuing education classes for youth	IP,MO												
Objective 1.4: Initiate Crosscutting Activities													
Task 1.4.1: Generate positive media coverage	GDJ												
Task 1.4.2: Establish women's agricultural group	IP												
Task 1.4.3: Access volunteers to support POs and Agribusiness	GR												
Task 1.4.4: Develop PERSUAPS	JC												
Task 1.4.5: Develop Environmental control for grants	JC												
Component 2: Improved Enabling Environment for Serbian Agribusiness													
Objective 2.1: Improve Production Estimates and Price Information													
Task 2.1.1: Strengthen STIPS	BE												
Task 2.1.2: Develop Agro-SMS Capacity	RL												
Task 2.1.3: Organize National Census	BE												
Objective 2.2: Facilitate Legal, Policy, and Regulatory Reform													
Task 2.2.1: Create framework for MAFWM policy support	BE,SM												
Task 2.2.2: Provide technical support to policy coordination	BE,SM												
Task 2.2.3: Support policy implementation	BE,SM												
Task 2.2.4: Address specific policy reform activities													
1. Warehouse receipts	KK,BE												
2. Plant Protection rights	BE,SM												
3. Farm Cooperative laws and registration	BE,SM,GD												

	Responsibility	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Component 3: Establish USAID Agribusiness Project Improved Enabling Environment for Serbian Agribusiness													
Task 3.1: Establish grants manual and get USAID concurrence	SD,GR,GN												
Task 3.2: Implement Investment Incentive Grants Program	SD,GR,GN												
Task 3.3: Implement Enabling Grants Program	SD,GR,GN,BE,SM												
	Acronyms:												
	GN	Gene Neill											
	BE	Bill Emerson											
	RL	Remer Lane											
	GD	Graham Dale											
	SD	Slavenjo Djokic											
	GDJ	Goran Djodjevic											
	IP	Ivana Petrovic											
	MO	Michelle Owens											
	SM	Sasa Marusic											
	JD	Jovanna Ducic-Savic											
	KK	Krassi Kiriakov											
	GJ	Goran Janjic											
	JC	Jelena Colic											
	GR	Goran Radojevic											
	JK	Jeremy Kanthor											
	WG	William Grant											
	IA	Ingrid Ardjosoediro											
	RV	Radmila Vucinic											

Annex A: Subsector Assessments and Value Chain Economic Growth Analysis

Attached please find the 9 Subsector Assessments, which our staff performed as evaluating the economic growth potential in a value chain approach as to how the Agribusiness Project may intervene to increase competitiveness. Please note that few big surprises showed up in the analyses, but we did drop some products which are not appropriate and/or the project is unlikely to have a significant economic impact upon the subsectors.

In selecting the subsectors to be actively worked upon, we used the following overall criteria:

Criteria for Assessing Serbia's Agricultural Economic Subsectors

	Subsectors Assessed									
	Selected = Yes, Not Selected = No									
Subsector & Food Products	Dairy Fresh & Processed	Live-Stock Meat	Veg.'s Veggies Fresh & Processed	Tree Fruit Fresh & Processed	Berry Fruit Fresh & Processed.	Herbs, Spices & Mushrooms	Grain Raw & Processed	Oilseeds Raw & Processed	Indus-trial Crops	Total
Selected	Yes ^(*1/)	Yes ^(*2/)	Yes ^(*3/)	Yes ^(*3)	Yes ^(*4/)	Yes ^(* 5/)	No ^(*6/)	No ^(*7/)	No ^{*(8/)}	
% Processed	100%	100%	30%	60%	90%	85%	50%	100%	100%	
Criteria - \$'s	----- Millions of U.S. Dollars -(2006 Data)-----									
Farm Mkt. Value	\$635	\$1,073	\$588	\$132	\$145	\$18	\$1,534	\$394	\$750	\$5,269
Processor FOB Value	\$1,461	\$2,468	\$353	\$158	\$170	\$46	\$1,795	\$461	\$878	\$7,879
Total Dom. Value ^(9/)	\$1,461	\$2,468	\$764	\$211	\$184	\$49	\$2,562	\$461	\$878	\$9,037
Export Value (2005)	\$12.2	\$9.8	\$5.4	\$2.5	\$184.2	\$45.0	\$124.6	\$2.5	\$139.0	\$525
Criteria-Jobs	----- Employment at Farm and Processing Levels -----									
Farm Level Jobs ^(10/)	150,000	178,000	200,000	160,000	70,000	90,000	20,000	4,000	2,000	874,000
Processor Level Jobs ^(10/)	30,000	40,000	25,000	20,000	10,000	7,500	2,500	1,500	1,000	137,500

Source: GOS Official Statistics, Census Bureau, Agricultural Min., Chamber of Commerce, & Business Representatives.

* Footnotes (1/) (or ^{1/}) through (8/) (or ^{8/}) are listed in order of commodities selected and not selected below (under Section A, Subsectors Identified, Assessed, & Selected, and under Section B, Subsectors Not Selected).

^{9/} If it is 100% processed, then it is equal total process value (e.g. dairy), if it is less than 100% processed, then it is the processed value plus the % not processed of fresh for the for total subsector domestic value (e.g. vegetables).

^{10/} There is some overlap and double counting with farmers both doing dairy and beef, fruits and vegetables, and processing plant workers doing several sectors fruits, vegetables, berries, and/or mushrooms (which have no GOS data).

A. Subsectors Identified, Assessed Economically and Selected: Please note that after some preliminary analysis of the initial value chain list of 5 proposed sectors proposed by DAI-IRD-BAH, we decided to further divide several of the subsectors into logical groups which follow separate markets altogether. Thus, the 5 subsectors are broken out as follows, each one with a cover memorandum and executive summary in case one does not wish to read all the analysis and agricultural economic and value chain data:

(1) Dairy ^(1/) -- Including the processed products of yogurt, cheese, butter, and whey.

(2) Livestock and Meat ^(2/) -- Separated into (a) beef, (b) pork, and (c) sheep and goat meat and milk products, but dropped (d) snails because the niche subsector has had many bankruptcies.

(3) Fruits and Vegetables ^(3/) -- Further broken out into (a) potatoes, (b) other vegetables, (c) deciduous tree fruit, but not (d) grapes because most goes into wine and brandy/rakija.

(4) Berries ^(4/) -- Separated from the fruit sector because Serbia is the world's leading (a) raspberry exporter, but also including (b) strawberries, (c) blackberries, and (d) blueberries, but not (e) cranberries since they are not produced commercially in Serbia.

(5) Herbs, Spices and Mushrooms ^(5/) -- Most notably, wild mushrooms loom large in exports following raspberries. Cultivated herbs, spices and aromatic oil derivatives are growing fast. All of these subsectors are relatively good employment generators, produce domestic and/or export sales that should grow faster with the Agribusiness Project's assistance.

B. Subsectors Not Considered for Assistance: As discussed earlier in the original DAI-IRD-BAH proposal and in subsequent discussions, we avoided some sensitive crops because of possible competition with U.S. exports, or "Bumpers" issues. This eliminates some of the biggest export crops such as grains and oilseed (including corn, wheat, barley, soybeans and sunflowers), but they are not labor intensive job creators anyway, and rank low in the employment generation criteria. Thus, the following subsectors were not selected for direct assistance in the value chain approach:

1. Grains -- No ^(6/): Corn, Wheat, and Barley are the biggest export sectors and largest farm value commodity group, mainly because corn and wheat may compete with U.S. exports (**Bumpers** problems). The Agribusiness Project need not help these groups that are already growing very well by adopting improved seeds and boosting yields to EU levels.

2. Oilseeds -- No ^(7/): Soybeans and sunflowers are politically sensitive issues, particularly with the oilseeds (i.e. **Bumpers**) that the American Soybean Association and the U.S. Sunflower Association have raised concerns about earlier USAID projects assisting the foreign competition to U.S. exports (e.g., in Bolivia, Paraguay, and Brazil). U.S. soybeans and products enjoy duty free access to EU markets and may object to the project's direct assistance to their competition.

3. Bio-fuels -- No: Bio-fuels are usually based on corn derived alcohol (the Zrenjanin Plant) or Rapeseed Oil derived diesel fuel (the Srem Victoria Group Plant) and have the same problems that the above corn and oilseed subsectors have, but to a lesser extent (since it boosts consumption). After consultations with USDA and industry experts regarding bio-fuels we decided to drop this subsector mainly because of the (a) large investments required, (b) it is not

labor intensive, and (c) that it would happen anyway with or without the Agribusiness Project's direct assistance.

4. Sugar and Other "Industrial Crops" -- No^(8/): The subsector analysis shows that we should not assist the sugar industry -- even though it is usually Serbia's biggest agricultural export value -- because (a) we could have little impact upon the sugar subsector, and (b) its exports are driven by the EU Common Agricultural Policy (CAP) which is reducing price supports for sugar and this market should disappear. Moreover, sugar is not a labor intensive industry and thus is not so broadly based from an employment creation criteria. In addition, the industry in Serbia is a political problem inasmuch as the main sugar industry owner is the MK (Kostić) Group which has clearly benefited from its close connections with the Slobodan Milosevic Regime. Owing to the U.S. sugar import (tariff rate) quota and the EU import (tariff rate) quota, the price is very much politically set in EU CAP Sugar Office in Brussels. Since EU sugar prices are expected to decline with lower EU support prices set in place with the current EU CAP regime, Serbia's sugar exports should drop so that the Agribusiness Project cannot really assist this industry. The other major GOS labeled "industrial crop," besides sugar, is tobacco, which obviously does not qualify for USAID assistance programs.

5. Poultry -- No: The USDA and the U.S. Poultry and Egg Exporters Council (USAPEEC) opposes USAID assisting this industry inasmuch as they continue to restrict imports of U.S. chicken largely because U.S. leg quarters are some of the lowest priced meat in the world. Adding insult to injury, after the previous USDA Agricultural Attaché Holly Higgins sent a team of Serbian chicken industry experts to the USA on a study tour in early 2004, shortly after they returned to Serbia these same people effectively closed off Serbian imports of U.S. chicken using a bogus technical argument (e.g., a "non-tariff barrier" not based on scientific veterinarian standards, or unacceptable under the WTO SPS rules). Moreover, Agroziv, the largest producer has links with the former Milosevic regime and "should not be assisted by USAID programs" according to the FAS/USDA office in Belgrade. Thus, we decided against assisting the poultry industry because of; (a) the U.S. poultry industry's concerns about the GOS unfair trade policies, (b) the project couldn't really assist them much or "gain traction," and (c) FAS/USDA/Belgrade office's advice that the Serbian poultry industry "doesn't need our help."

Recommendations for Activities:

(1) Proposed Value Chains: Proceed with targeting the project work within the 5 proposed subsectors (as per the original DAI-IRD-BAH proposal) as follows: (1) dairy products such as milk, cheese, and yoghurt from cows, sheep and goats, (2) meat from cattle, swine, sheep, and goats, (3) Vegetables and deciduous fruit, (4) berries including raspberries, strawberries, blueberries, and blackberries, but dropping cranberries since they are not commercially grown in Serbia, and (5) wild and cultivated herbs, spices and mushrooms. Almost all of the assessments showed that Serbia's yield of high quality foods were 40% to 70% below EU farm standards, with raspberries "the exception that proved the rule" since Serbia is the world's largest raspberry exporter and thus very competitive in this subsector.

(2) RFTOP "Market Price Information" and "Crop & Livestock Production Estimates" via Subsector Surveys: Clearly the RFTOP requested that the project develop reliable information on farm production, prices, subsector surveys, and related agricultural economic data. These subsector assessments were handicapped by a serious lack of good data on prices, production, product quality, employment, number of farms, and most of the usual agricultural

economic information at the farm level that is required for Serbia to move forward with EU accession. Obviously, this gathering of information entails much time, effort, and money which a good national agricultural census would usually provide. However, the last Serbian Agricultural Census was done in 2002, and even this partial census would cost well over \$1 million Euros to do in today's prices. Nevertheless, the results of the assessments point out that there is a clear need for reliable information and data about the size of a sector, crop harvests, livestock production, the size of the food processing industry, various food qualities and their seasonal prices, etc. Therefore, the Agribusiness Project should start ASAP to develop these subsector surveys with suitable organizations able to conduct this kind of work.

(3) Winter Training Programs: The preliminary assessments, which the DAI-IRD-BAH proposal stated as being done in 6 months, clearly showed that training activities should start this winter, with "training the trainers" and building up the producer and trade associations to start up training of their people. Winter is always the best time to train farmers, who are usually not available in spring time when they can get out in the fields. The industry experts which we interviews pointed out over and over again that farm level and processing level production yield and practices could be rapidly improved, and thus provide "quick wins". For example, we could easily train numerous livestock cooperatives and associations about the following farm practices: (a) stop killing the young dairy Holstein Bulls since red Simmental color is favored over black Holstein colored baby bulls, (b) don't kill young male goats instead of raising for meat, (c) reducing post harvest losses/soil rotting, (d) to do soil testing for acidification and fertilizer usage prior to planting field crops. Obviously, there are quick wins to improve crop and livestock yields this spring, as well as the longer term training in HACCP/ISO and quality control, but training is an activity that even the biggest companies, such as Delta and Imlek Dairy repeatedly said was worthwhile doing right way.

Conclusions: Several issues continuously appeared in conducting these industry surveys.

(1) Assessments Need to Be Continuously Updated: These assessments are working documents that the Agribusiness Project plans to continuously update and revise as we continue to work in each of the sectors. The project's Work Plan envisions reviews every six months, or more frequently if needed, to re-assess each the sectors and add or take away subsectors which we find to be problematic. Since these assessments were done during the initial stage of the project, we realize there may be some shortcomings in the assessments and market conditions change over time. Nevertheless, each of the assessments were conducted by separate teams of two to four agricultural specialists in each subsector, and cross-checked by others within the Agribusiness Project in an effort to double check what was ascertained. This process of evaluating sectors needs to be constantly re-evaluated and assessed as time goes on to either drop sectors or add new ones as candidates for grants and active promotion.

(2) Improve GOS Agricultural Economic Production, Price, & Trade Information: Most of the subsector production, price and trade information was either hard to come by and/or often inaccurate at best. Interviews with industry experts took much time to arrange, and they almost always reported how inaccurate the GOS data was, if it was even available. Clearly, good data is often hard to come by, and the state of the Serbian agricultural information system is well behind those of most of Eastern Europe. For this reason, the USDA office in Belgrade has worked for years expanding its coverage of commodities and markets covered under the Market Information System (MIS) started by CRDA and the USDA under Agronet/Agromreza and taken into the Ministry of Agriculture about three years ago. These assessments are good starts in analyzing

the markets, evaluating the opportunities for economic growth, and planning for activities to start up the project. However, much work remains to be done.

(3) Cross Cutting Activities vs Targeted Assistance Along the Value Chains: Even if certain sectors are not selected in the "Value Chain" methodology for promoting economic growth, most of the activities are "cross cutting", and help almost all of the sectors in the Serbian agricultural economy. Clearly information, marketing, and training and will also cover other commodities because most farmers, processing companies, and exporting networks also manage a diversified mix of crops and food products. In short, the targeted value chain approach goes for grants for specific sectors, but most of the activities in the Agribusiness Project Work Plan call for cross cutting activities that impact almost all sectors of the Serbian agricultural economy.

SELECTED SUB-SECTORS

- **Berry Fruit**
- **Dairy**
- **Herbs, Spices & Mushrooms**
- **Livestock**
- **Tree Fruit**
- **Vegetables**



USAID Agribusiness Project



Value Chains in Selected Sub-Sectors

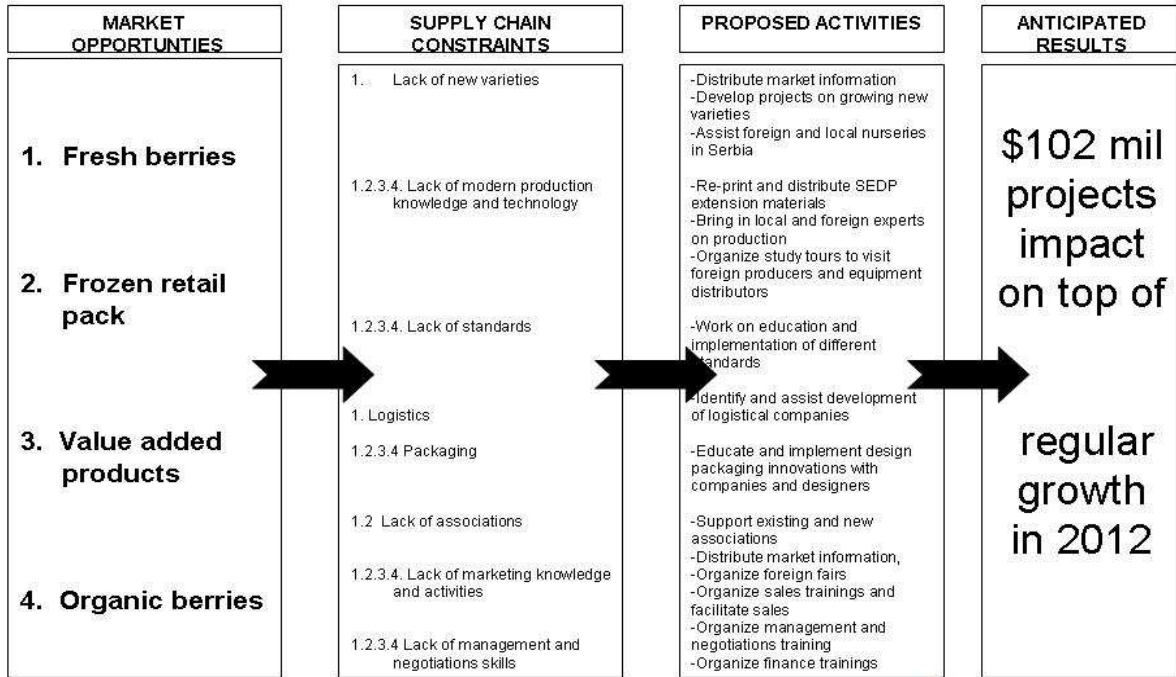
- 1. Cultivated Berries
- 2. Fruits
- 3. Vegetables
- 4. Potatoes
- 5. Dairy
- 6. Beef
- 7. Pork
- 8. Sheep & Goats
- 9. Herbs, Spices & Mushrooms



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Cultivated Berries



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Fresh Fruits



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Vegetables

MARKET OPPORTUNITIES	SUPPLY CHAIN CONSTRAINTS	PROPOSED ACTIVITIES	ANTICIPATED RESULTS
<ul style="list-style-type: none"> • Storage type of vegetables (onion, carrot, brassiace, beans) • Processed vegetables (sweet corn, industrial pepper, peas, green beans...) • Fresh with high profit margin (parsley, celery, parsnip, cauliflower, broccoli and watermelons) 	<ul style="list-style-type: none"> • Inadequate product variety and extension of growing and selling season • Poor quality control-post harvest management • Low productivity • Lack of adequate (cold) storing facilities • Inadequate extension service provision • Value added packaging • Insufficient use of irrigation system and modern agriculture equipment • Low level of cooperation between farmers organizations and processors/retail chains • Lack of marketing knowledge 	<ul style="list-style-type: none"> • Develop demonstration plots and trainings on advanced technologies in vegetable production, post harvest handling • Develop training programs for new (cold) storing technologies • Develop programs for creation of network of ABDS providers • Workshops on packaging and labeling standards to meet higher standards and achieve value added price • Facilitate provision of loans and new investments to the producer organizations in cooperation with the financial institutions • Facilitate linkages between the producers organization and buyers • Organize study tours and sales trainings 	<ul style="list-style-type: none"> • Increased Value Chain value i.e. Producers to generate \$148 million of additional income • Producers to increase exports by \$29 million • New jobs: 450 full-time and 2,100 part-time

USAID Agribusiness Project



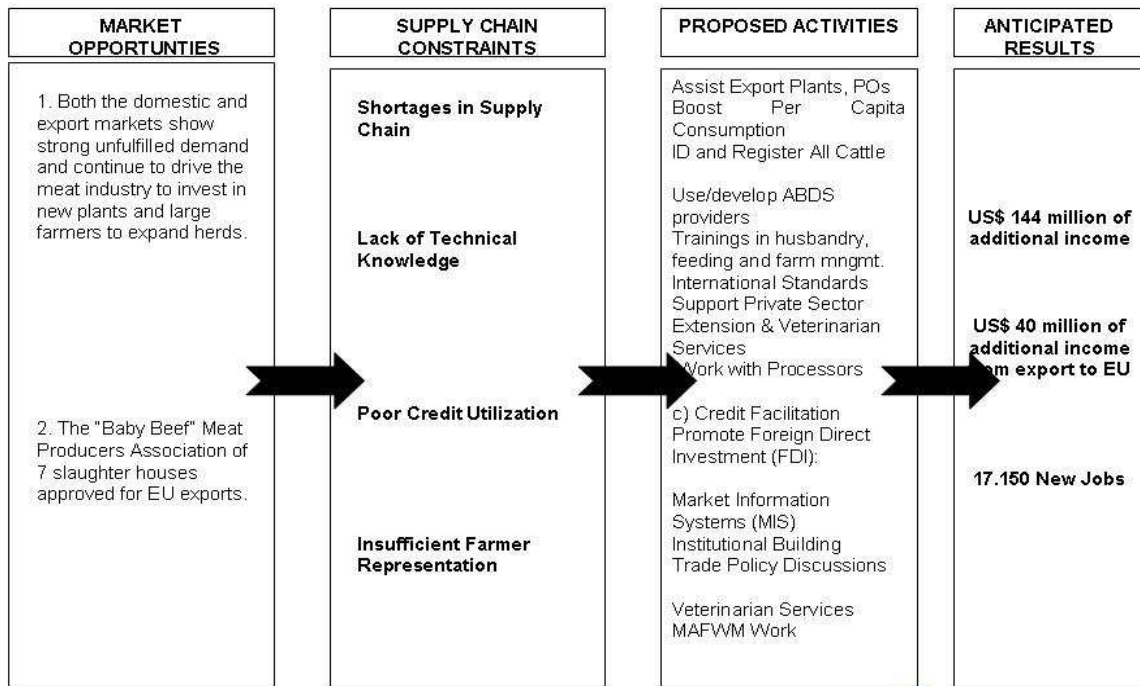
Potatoes

MARKET OPPORTUNITIES	SUPPLY CHAIN CONSTRAINTS	PROPOSED ACTIVITIES	ANTICIPATED RESULTS
<ul style="list-style-type: none"> • Growth of domestic supermarket sales (value-added) • Recapturing markets in Romania • Expansion to the new markets in Russia • Production of processing type potatoes to substitute for imports • Production of new varieties of seed potato 	<ul style="list-style-type: none"> • Low yields (1/3 of potential) • Present varieties not suitable for market • High percentage of grey market sales • Import bottlenecks for seed potato • Farmers' reluctance to invest in better seed potato • Lack of knowledge about potato production 	<ul style="list-style-type: none"> • Introduced processing control and traceability standards through the training programs; equip ABDS providers, field inspectors and laboratories to carry out these standards; • Training programs regarding new varieties, growing techniques, post harvesting, etc; • Support domestic production of high quality potato seeds; • Value-added packaging and marketing for export; • Introduce latest growing techniques and • Introduce the seed potato producers to the growers • Dissemination of information re cost/benefit impact, preferable varieties • Market study tours for seed potato producers, business-to-business meetings; facilitate linkages between processors and supermarket chains 	<ul style="list-style-type: none"> • Increased Value Chain value i.e. Producers to generate \$22 million of additional income • Producers to increase exports by \$3.7 million • New jobs: 150 full-time and 200 part-time

USAID Agribusiness Project



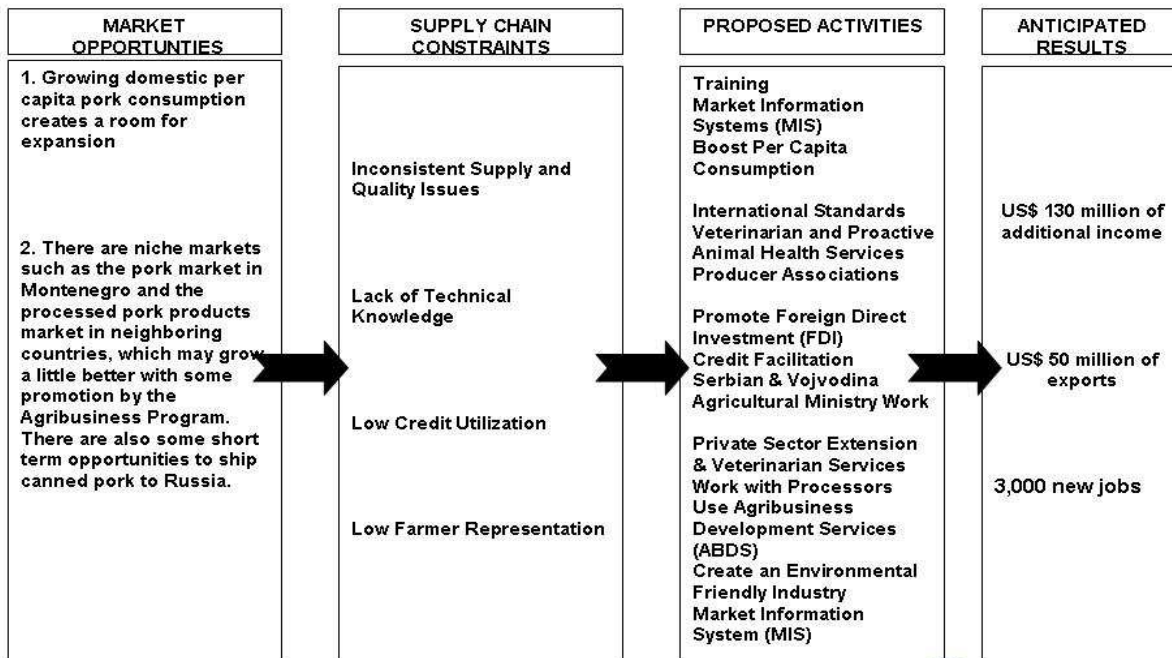
Beef



USAID Agribusiness Project



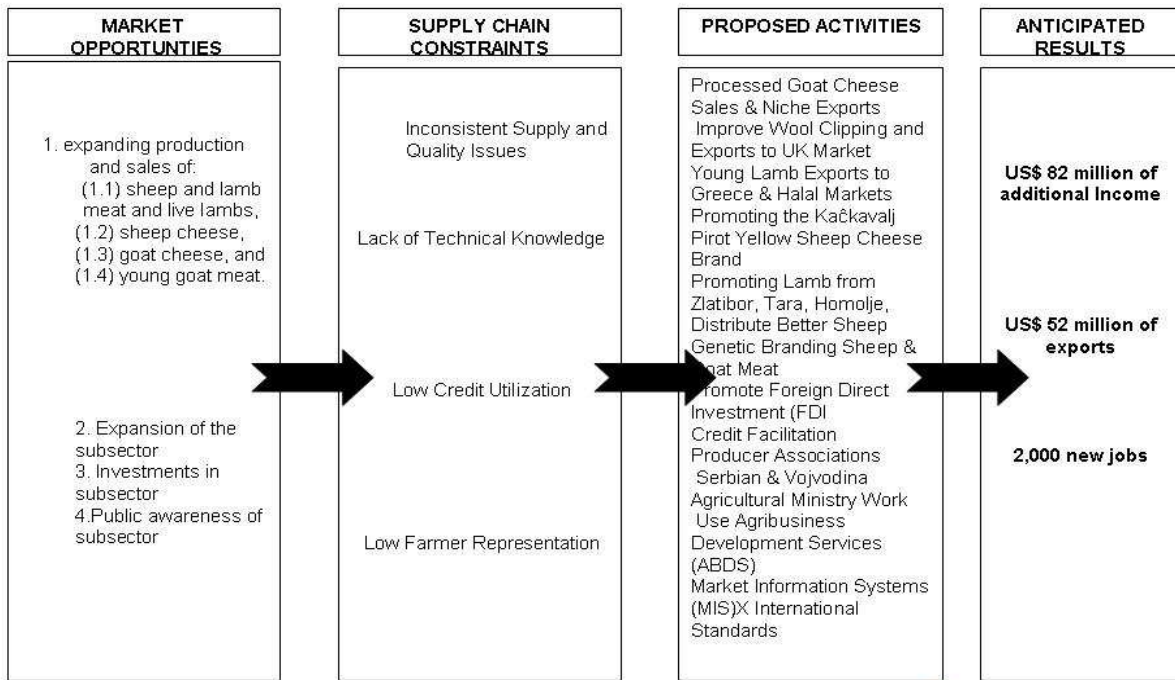
Pork



USAID Agribusiness Project



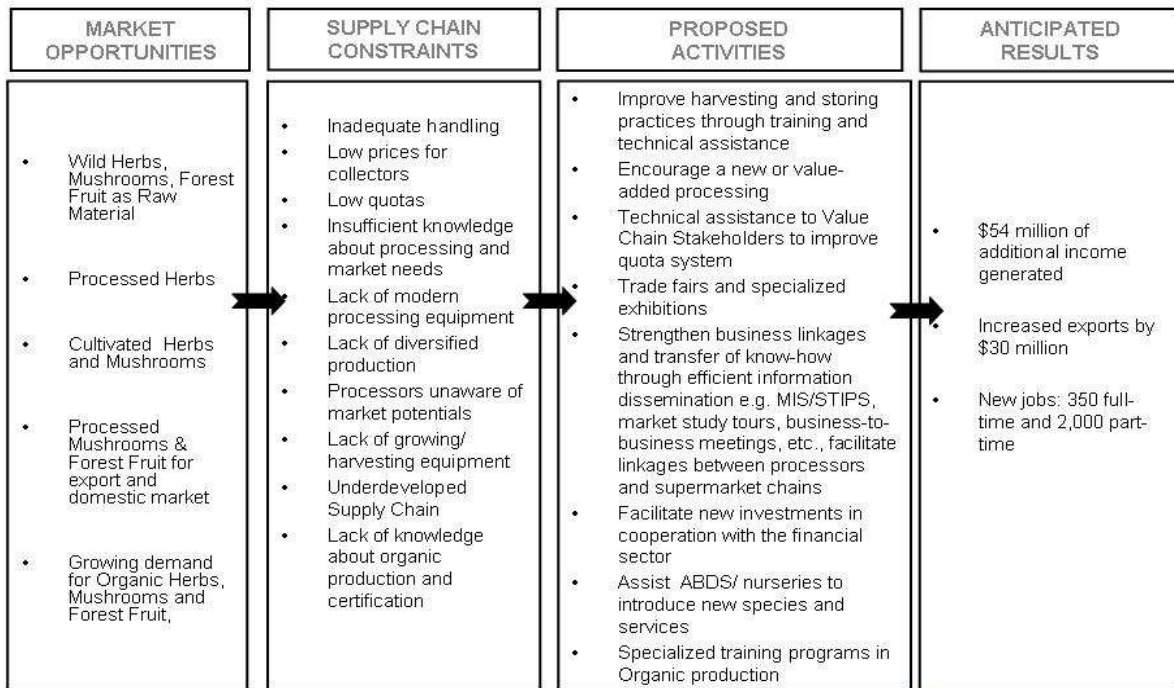
Sheep



USAID Agribusiness Project



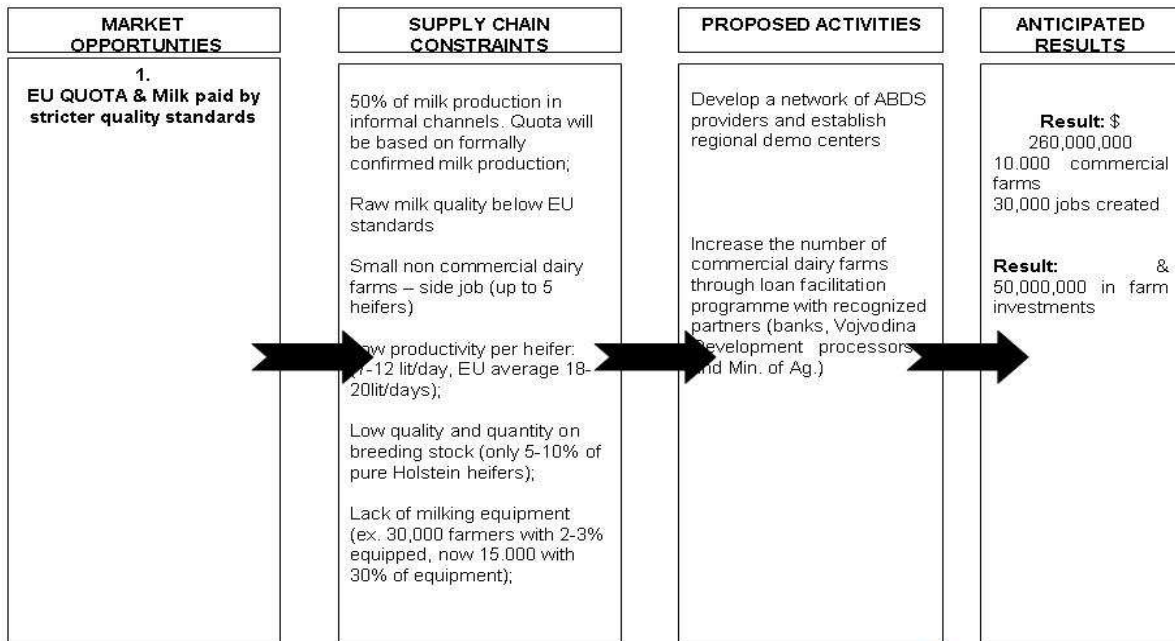
Herbs and Spices



USAID Agribusiness Project



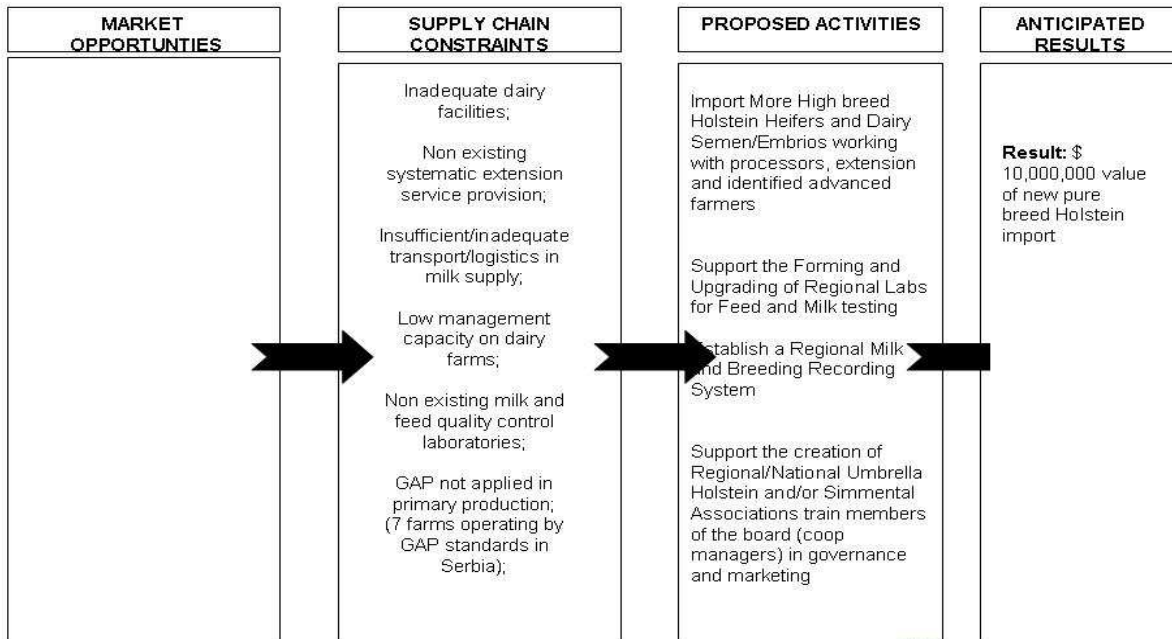
Dairy Vision for Growth (1/3)



USAID Agribusiness Project



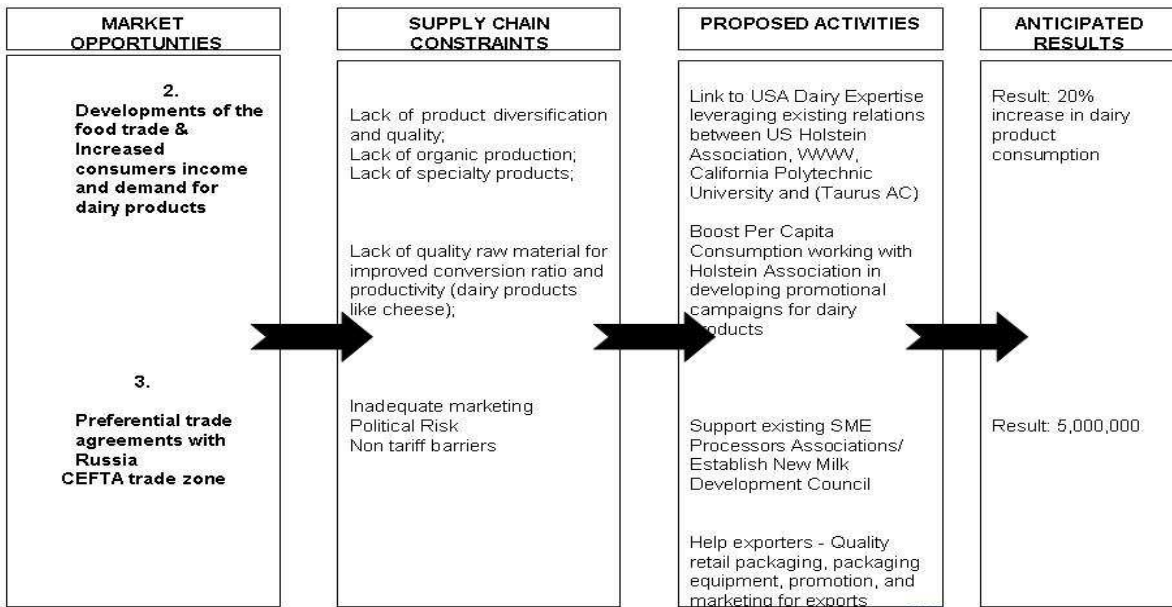
Dairy Vision for Growth (2/3)



USAID Agribusiness Project



Dairy Vision for Growth (3/3)



USAID Agribusiness Project



Annex B Grants Program

Grants Program

USAID AGRIBUSINESS PROJECT GRANTS PROGRAM

DAI has a strong record of administering grants to improve the performance of micro, small, and medium-scale enterprises and industries in the agricultural sector. Our firsthand experience with grant programs in Serbia, Armenia, Croatia, Southern Africa, Honduras, Haiti, Jamaica and many other countries has demonstrated great success using grants as catalysts to support agribusiness value chain activities and to leverage private-sector investments. The USAID Agribusiness Project team will utilize the \$5.2 million Grants Program to augment the project's objectives and to support activities in the Commodity Action Plan. DAI's Grants manager, **Slavenko Dkjoic**, working closely with the Operations Director **Goran Radojevic** and the Chief of Party, **Gene Neill**, will ensure that grant proposals are consistent with USAID grant rules and regulations, and that budget items are allowable costs as defined by OMB and USAID.

To aid in this process, grants manuals will be designed in close collaboration with the Serbian Mission and according to mechanisms as outlined in the USAID Automated Directives System (ADS). In corresponding to the core objectives of the USAID Agribusiness Project to increase efficiency and improving the competitiveness of Serbian agriculture value chains the USAID Agribusiness Project team will design the grants component in two major types of grant mechanisms: *the Investment Incentive Grants Program* and *the Enabling Grants Program*.

The USAID Agribusiness Project team will adhere to the following principles when implementing the Grants Programs:

- **Addressing the subsector constraints and transform into opportunities.** The assessments of the sub sectors will highlight the main constraints that need to be addressed by the project, as well as the reasons why the markets have not developed solutions on their own. The grants will be focused on catalyzing activities at key points in the value chain by developing new businesses or services to fill a gap in the value chain by reducing the risk for companies to try new activities and encouraging innovation to stimulate more rapid economic growth.
- **Addressing market opportunities.** Long term growth requires functioning markets where supply responds to demand. There are invariably problems on both ends of the equation—the supply side and the demand side—that need to be fixed so that a functioning market will develop during the life of the project. These grants may be focused on building the supply of, and demand for financial or non-financial services that are part of the supporting environment for the subsectors.
- **Creating a multiplier effect.** The multiplier effect will occur at several levels. First, there will be the cost share portion of the grant, generally operating between 50 percent and 70 percent of the value of the total activity being supported by the grant, which the beneficiary organization will need to provide. Secondly, a more important multiplier effect can be achieved by using the grants to introduce and demonstrate a new technology and through osmosis will benefit the sector as other producers adapt this technology. The third main multiplier will result from the financial sector increased involvement as they become aware of investment opportunities in the agricultural sector strengthened as they learn about the USAID Agribusiness Project grants program and results.

Increased product development and export promotion in Kenya

The USAID matching grant program managed by DAI in Kenya supported SMEs through 74 grants worth \$500,000 for product development and market promotion. Within two years, SME revenues grew by 89 percent; full-time employment increased by 1,066, and temporary employment grew by 1,600. Women employed full-time increased from 13 to 22 percent.

COMPONENT 1: INCREASE EFFICIENCY AND COMPETITIVENESS OF SERBIAN AGRIBUSINESS

THE INVESTMENT INCENTIVE GRANTS (IIG) PROGRAM

The IIG will serve as an important tool to help the USAID Agribusiness Project implement its objectives of *rapid, sustained, broad-based economic* growth. The DAI approach to designing the IIG takes into consideration a number of factors.

- First, the grants will contribute directly to supporting activities in the selected subsectors, to unblock constraints quickly (*rapid*) so that the project will jump start or accelerate growth in the subsectors.
- Second, the grants must address market opportunities that will accelerate the development of market driven activities, which will ensure the long run, *sustainable* growth of the sub sectors being supported.
- Thirdly, the grant funds will catalyze outside investment into the sector, either from private investors or from financial institutions so that the benefits can be *broad based*.

In keeping with our technical approach, we propose to apply the following conditions to the envisioned grantees:

- All of the grants will include a concentration on innovation and demonstration in each subsector to apply new technologies, with a larger demonstration effect. These could include grants to develop demonstration farms with new production techniques, trials of new technologies (such as misting and fertigation in greenhouses), or the development of new products that the farmer members, or other organizations could then visit. These new technologies are generally much lower cost than the funds required for the larger investment grants.
- All grants will receive regular follow-up from project staff to ensure that they are integrating well into the market.

GRANT CATEGORIES

Four types of grantees were envisioned in the RFTOP and in addition we propose one other mechanism to disburse grants—a voucher program designed to stimulate demand for services.

- **Producer organization grants.** For grants to producer organizations and existing enterprises to promote large-scale productive investments in agricultural processing and storage, we will design the model to establish a mechanism so that the eventual replication of these investments can be made on a broader basis.
- **Enterprise expansion grants.** Before grants will be made to enterprises to expand, we must understand the market failure that is preventing them for doing this directly using normal commercial means, either by accessing loan funds or bringing in other investors. Once the main constraint is identified, the project will use the grant as means of overcoming this constraint in the future in order to facilitate access to the productive investment. This also means that the grants will usually need to be made in consultation with the

Successful Leverage of Grants through Supermarket Linkages in Croatia

In Croatia, Konzum supermarket was initially reticent to work with the DAI and the ACE project so ACE targeted Konzum's suppliers. ACE used the Grants Program to support technology improvement and innovation which included drip irrigation technology, seedling production technology, and greenhouse technology. Yields improved and sales increased for participating farmers. For example, following ACE assistance, the Matijevic cooperative increased sales by 50 percent to Konzum from 2004-2005. Plodovi cooperative, in turn, delivered 2000 MT of produce to Konzum, up from 300 MT in 2003. Konzum visited a number of the demonstration plots developed with ACE support, spoke with farmers and tested production, and subsequently signed a formal technical agreement with ACE as they began to realize the value-added of ACE assistance to its suppliers and contract farmers. This formal agreement has created new opportunities for direct linkages between producers and Konzum, as Konzum has since agreed to source from farmers in other regions of Croatia receiving ACE assistance. The DAI team on the USAID Agribusiness Project will work with actors in Serbia to ensure similar successes.

financial sector, as well as the other specialized sources of funding (such as the ministry of agriculture) to understand what their expectations would be to continue financing these activities into the future.

- **Agribusiness start-up grants.** Grants to start up (new) agribusinesses are always risky, in particular if they are promoting new technologies or providing a new service. While these may be innovative new businesses, they should also be addressing a specific need in the value chain that cannot be filled by an existing business. Preference for granting funds to lead such investments in new areas will usually be given to existing businesses with proven capacity to manage business activities. If there is no existing business interested, then new investors will be accepted.
- **Youth enterprise grants.** This will be designed to reward the winners of the Youth Enterprise Business Plan Competition and as an exception to the other grants type categories may finance up to 100% of the total required competition. Particular focus and attention will be given to ensure the viability of the proposed business plans and linkage to mentorship by the technical staff of the USAID Agribusiness Project team.
- **Voucher program.** Vouchers as stimulators of demand. A voucher program will be developed to build demand for specific ABDS for which demand is lagging, once the specific cause of the market failure has been analyzed and understood. The vouchers will target services that are known to in the HACCP training (described below in the Enabling Grants section), and also to build demand for other ABDS. The voucher program put the funds in the hands of the purchasers of the services (primarily agribusinesses, processing companies, or cooperatives) and will allow them to identify and purchase a range of services that have been pre-identified by the project staff. Putting funds in the hands of the buyers will allow the service providers to have a solvent set of clients to market, allowing them to hone their “value proposition” and sales techniques to the holders of the vouchers. Depending on the final structure of the voucher program and the institutional management relations, it might be located under the Enabling Grant Program or the Incentive Grant Program.

Improving the Haitian Coffee Value Chain through Grant Support

As part of the USAID Haiti Hillside Agriculture Program, DAI has built a lasting relationship with the Fédération des Associations Cafésières Natives (FACN), a coffee federation of more than 25,000 farmers. Through grant support and technical assistance, FACN has transformed itself from being at a point of near collapse to turning its first profitable season in eight years of existence. Through investments in wet and dry coffee processing facilities, FACN has produced a standardized product that meets the criteria of its clients in the United States, Europe, and Japan. FACN has expanded the global footprint of Haiti’s premier coffee, Haitian Bleu, into one of the most coveted rare-origin specialty coffees in the world. The Federation’s sales revenues topped the half-million dollar mark for the first time ever at \$548,727. A total of 323,774 pounds of green coffee were exported—consisting of both the flagship Haitian Bleu brand and FACN’s second second-quality line of generic Free Trade coffee. DAI innovative solutions focused on quality improvements that secured a market and ultimately resulted in increased sales.

COMPONENT 2: IMPROVED ENABLING ENVIRONMENT FOR SERBIAN AGRIBUSINESS

THE ENABLING GRANTS PROGRAM

The Enabling Grants program is designed to support the implementation of *the improved enabling environment for Serbian Agriculture* component. It will focus on stimulating public/private collaboration in providing essential services, promoting and expanding public/private dialogue, and increasing participation in policy reform. The enabling grants will target non-governmental organizations (both for profit and not for profit) to enhance their capacity to deliver services needed to complement technical assistance and training, support surveys and baseline studies, enhance consultations with the private sector on proposed policy and regulatory changes, broaden participation in trade shows and events, and support public diplomacy.

The grants will tie in directly to the overall commodity action plans, which have been developed by the industry actors. They will address the strengthening of the capacity of the private sector to engage with government and to enhance the provision of public goods, by providing funding to the appropriate NGOs, associations, or chambers of commerce. In cases where there are no organizations that are good representatives for the private sector, then some might need to be created as an activity with the industry as a whole (depending on industry demand). It is critical that this capacity become internalized into local institutions, so that it can be available for the future.

The grants will work in parallel with government capacity building activities being carried out by USDA and the European Union which are increasing the government's capacity to produce and regulate safe foods by training staff and building an appropriate testing infrastructure; updating existing regulations to meet international standards; training in quality grades and standards; training in WTO/trade policy, animal health, and bio-safety; and helping the government put market information systems in place. These grants will help the private sector better understand the needs of its clients and tailor its products accordingly.

GRANT CATEGORIES

- 1) **Grants to create and/or build the capacity of targeted food industry associations to provide general benefit services.** Since one of the main constraints identified in the value chain analyses for the various sectors is the scarcity of unified industry specific private sector representative organizations, the grants program will seek to help industry actors to establish and/or strengthen appropriate bodies. These can be at a national level, or at a local level, depending on the concentration of the industry in the region and the activities performed by the association. Industry and association development grants will be targeted at associations in the project's focal subsectors where there is strong commitment from the private sector. They will be based on a business plan that demonstrates the different types of services to be provided by the association, and the prospective sources and flow of funding to the association to cover its operating costs. Grants should not cover any operating expenses for established associations, but will focus on building the capacity of the associations to carry out their functions. For brand new associations, grants could cover up to one year of operating funding (essentially a pilot phase), while they are getting established and building up their track record. Even so, the institutions would need the commitment from industry members to cover their expenses.
- 2) **Grants to food industry associations and local chambers of commerce to manage industry wide activities for the direct benefit of their members.** An important role for associations is to provide support to all members in their association. These capacity building grants would focus on specific constraints identified in the value chain analysis for the specific subsectors. The grants should target capacity building of the members and, if necessary. There are several sectorized programs, some of which are being partially covered by the Ministry of Agriculture or other government services, which The USAID Agribusiness Project will continue to finance through grants. Many of these activities were carried out under previous USAID projects (CRDA and SEDP), but were being implemented directly by them. Under the Project, as we focus on building the capacity of Serbian organizations to drive their own development in the future, we will assist local associations to implement the programs, while providing the funding for them. Since these activities are ones that will leverage private sector access to resources, they can be generators for the associations. Examples include:

Association Development in Croatia

DAI's ACE project in Croatia helped to strengthen the Association Mandarina Opuzen. The mandarin producers in the Neretva Valley recognized the advantages of collaborating in order to establish relationships with wholesalers. The buyers then directly provided the producers with assistance to achieve the standardization and quality required by the market, including EUREPGAP Certification. Currently, the association has 158 members and sells 5,500 MT of mandarins a year with a value of 12.100.000 Croatian Kuna (US\$ 2,236,410). The USAID Agribusiness Project team will use the Enabling Grants Program to achieve similar successes.

- Identifying a host organization to manage a second round of the funding for the HACCP program. This will be done in close coordination with the project staff who will work with the service providers and help establish links to the government to ensure that they are linked into government funding.
- Developing industry capacity to support trade show participation by member companies. Associations will need to
- Enhancing the ability of local firms to participate in national and regional agricultural trade shows and fairs.
- Grants to organizations to organize study tours to foreign countries in the U.S. and Europe to learn more about the markets, their requirements and the support structures present in other countries (such as the tours organized by Bill Emerson to Hungary and Western Europe through the CRDA program in Novi Sad).

Grants to organizations to develop and disseminate public goods.

One of the important needs is to provide the private sector with reliable information on the size of their industry, the structure of the industry, prices and their evolution in Serbia. While industry associations will need this information to share with their members, they are not necessarily the best people to implement the studies. Working in close collaboration with the Ministry of Agriculture, The USAID Agribusiness Project will make grant funding available to organizations to organize surveys and studies to collect data that is not yet being provided by government, but needed by industry and policy makers to make informed policy and business decisions. Universities can be effective recipient of such grants to help build the capacity in the agricultural faculties to carry out surveys and studies needed by the project, but getting supervision from the project staff.

Green House Technology

In order to lengthen the production cycle in Croatia, greenhouses are often used for growing out the seedlings to get a head start on the season. Furthermore, temperature and water supply is easily controlled in greenhouses, which is especially needed during this most sensitive life-phase of the plant. In order to promote the use of greenhouses and encourage investment into new facilities, DAI's ACE project provided technical assistance on what type of greenhouse would be most effective and cost-share grants. With the introduction of modern greenhouses, heating costs have fallen by as much as 60 percent in some cases, and total water usage has reduced. These cost savings have decreased the total cost for producing quality seedlings.

SELECTION AND APPROVAL PROCEDURES

All grant applications will undergo a review and selection process to ensure objective and effective evaluation of proposals. DAI will make a determination of responsibility of the grantee which includes a determination of their financial, management responsibility and feasibility of the business plan and showing the total attribution that will inure to the sector. When appropriate, the USAID Country Representative may also work with the DAI Chief of Party to decide how to incorporate an appropriate grant application and proposal format into the DAI and USAID systems and databases. We envisage two processes for awarding grants:

- **Competitive selection:** The competitive grant awards will be based on an open and transparent process and applied to the IIG for producer organizations and enterprises. They will take place twice a year, starting six months into the project, and running through year four of the project (seven rounds), which will allow sufficient time in year five of the project to close out the grants. Youth enterprise grants will be made in sequence with the business plan competition so will be competitively awarded based on the criteria around their business plan selection. Enterprise expansion grants, Producer Organization grants, and agribusiness start up grants will be awarded on a biannual basis.

Draft Selection criteria, with their relevant scores, will include, but not be limited to:

Specific Selection and Evaluation Criteria

1. Significant Program Outreach and Contribution to Objectives (10 points)

Degree to which application presents a credible, detailed business plan to provide services that are consistent with, and will make a significant contribution, to USAID Agribusiness Project's objectives

Planned activities do not conflict with or duplicate other projects in Serbia

2. Management Structure and Capability (15 points)

The applicant is an eligible organization legally constituted under Serbian law with legal status and personality in Serbia

The Board and senior management is able or could be able to comply with USAID Agribusiness Project's policies as described in the Grantee Handbook

The applicant's organization has a charter and/or other foundational document(s) that define Board and management responsibilities and authorities and a formal operational organizational structure

3. Programmatic and Cost Efficiency (25 points)

The degree to which the business plan credibly demonstrates that if successfully implemented it will make a significant contribution to specific program goals as follows:

- Specific targets and impact indicators (including specific deliverables and verifiable output(s) are defined in the proposal;
- A realistic program-compatible time frame for the achievement of targets and indicators is defined in the proposal;
- A clear connection is demonstrated between the approaches, cost-sharing, and other methods proposed for achieving targets and impact indicators AND the resources allocated to achievement;
- Numbers of people and businesses that will benefit/be affected from the business generated by the grant;
- Anticipated return on investment from the grant to the sector;
- How it is addressing a market failure that will lead to the regularization of the delivery of the services;
- Introduction and demonstration of new technologies into the value chains; and
- Interaction with the financial sector to promote wider financing of the businesses in the subsectors.

The budget reflects cost realism in keeping with the applicable cost principles and USAID regulations.

4. Management Information Systems (25 points)

The extent to which the applicant has installed or is installing a computerized accounting system that accurately reflects the financial position of the applicant organization, that creates an audit trail by which receipts and expenditures may be traced and allocated, and that provides financial data as required in any grant agreement as may be approved for funding.

5. Organizational and Institutional Development (25 points)

The extent to which the applicant has (1) human resource development plans that include job descriptions, staff remuneration policies, and training plans; (2) written policies and procedures that will govern management, operational decision making, and program implementation and which are fully consistent with best practices.

- **Non-competitive selection:** We propose a portion of the grants program to be awarded through a non-competitive selection process that will encourage and support “*Innovation*” in grants. This to directly address sector constraints on a more timely fashion (since the agricultural calendar does not always comply with a regular calendar). The innovation factor should be closely tied into addressing constraints to growing the output of the different subsectors and this selection process can be applied to each of the five grant categories mentioned above. These non-competitive grants can be used to fund the introduction and testing of a new technology (when not currently in use either in Serbia or a particular region of Serbia). As requests will be driven by the project, in concert with the grant recipient, there will not be a set schedule for grant applications, but rather a direct negotiation between the project and the interested party. The purpose of these grants will be to:
 - Buy down risk for using new technology and innovation;
 - Demonstrate new methodologies or approaches; and
 - Develop demand for, or supply of, a new service or product.

PROCEDURES FOR AWARD AND DISBURSAL

The USAID Contracting Officer has the contractual authority to approve individual grant awards. To reduce the Missions administrative burden The Regional Contracting Officer may delegate this authority to the USAID Agribusiness Project Chief of Party. The USAID Agribusiness Project Chief of Party authorization to approve IIC cost sharing grants is subject to USAID’s approval of the selection criteria and the minimum allowable threshold set to be determined in the final approved Grants Manual.

The following are procedures for award and disbursement that could be included in the USAID Agribusiness Project Grants Manual, but are not limited to:

- All grant awards require that a Memorandum of Negotiation be included in the project’s permanent file. This Memorandum establishes the basis upon which the award decision was made. An information copy of the Memorandum of Negotiation is submitted to the CO or CTO as appropriate.
- When the Chief of Party approves an Activity under his own authority, he immediately provides the CTO with a copy of the approved Memorandum of Negotiation.
- When a cost sharing grant has been approved, the USAID Agribusiness Project Staff prepares an Award Letter to the client that details the terms of the grant award and any actions that must be taken by the client and other financial institutions prior to disbursement of the grant. Award letter must be reviewed and approved by DAI’s Contract Specialist before it is delivered to the awardees. Approval authority will depend on the size of the grant: for grants under \$25,000, approval will be delegated to Gene Neill in the Project office; for grants greater than \$25,000, DAI’s contracting officer in Bethesda will review and authorize.
- After receiving the Award Letter, the client must sign and return the Award Letter, and in doing so acknowledges agreement with the terms of the award letter.

Armenia ASME: Increased sales through assistance of grant program and ability to leverage private funding

Agribusiness Small and Medium-Sized Enterprise Market Development Program (Armenia)—USAID was able to leverage total grants of 2.7 million to mobilize other funds of more than \$7 million to assist farmers and agribusinesses in pursuing innovative marketing ventures, business promotion, and new product/technology development. New and innovative ideas that give emphasis to linkages with other value-chains members, and development of internal capacity has resulted in ASME works to increase sales and exports in the agribusiness sector in Armenia. To date, client sales have increased by \$31 million, including \$4.5 million in exports, and 9,500 jobs have been created. Of the 200 enterprises engaged during the life of the project, 22 have increased their annual sales by more than \$100,000 and eight have increased their annual sales by \$500,000.

- Disbursements are made in accordance with terms of the Award Letter. If disbursements are to be made on the basis of invoices or other expenditure documentation, such documentation must be received and reviewed by The USAID Agribusiness Project Chief of Party, and copies of all documentation maintained in tProject files. USAID Agribusiness Project may make partial disbursements if the authorized activities and expenditures take place over a period of longer than two weeks.
- Awardees must sign a receipt for all disbursements in a form that is sufficient to allow DAI/Bethesda to include the disbursement in its monthly invoice to USAID.
- The status of all approved grants will be reported on in USAID Agribusiness Project quarterly report starting from the date that approval is recommended by the USAID Agribusiness Project Chief of Party through the required two-year monitoring period.
- All awardees will agree to technical follow-up assistance and guidance by the USAID Agribusiness Project team.

MONITORING AND REPORTING

DAI shall provide as part of the quarterly activity reports and annual reports requirements a year-to-date Investment Incentive Grants Program Report categorizing and summarizing the investment amount, number of people employed (data segregated by gender) prior and ante, number of increased sales, number of POs as recipients, etc. In addition to periodic reports, a final technical and financial report will be required for each grantee. Grants under implementation will have a customized monitoring plan when deemed necessary by program staff. This plan should be flexible and dictated internally by the amount, length and complexity of the grant, as well as accessibility of the grantee's location.

GUIDELINES FOR THE GRANTEE

It is important that the grantee understand and agree in writing that DAI personnel or authorized representatives have the right at all reasonable times to make site visits to review project accomplishments and management control systems and to provide technical assistance as may be required. If DAI (or USAID) personnel make a visit to grantee premises, the grantee shall provide all reasonable facilities and assistance for the safety and convenience of DAI representatives in the performance of their duties. All site visits and evaluations shall be performed in such a manner as to not unduly delay work in progress.

ESTIMATION OF THE RETURN OF INVESTMENT

The methodology used to estimate the ROI of grants in the USAID Agribusiness Project will be kept simple to increase efficiency of project management. The team will use already captured parameters in the PMP of increased sales and employment to calculate the quantitative benefit to the sector. See sample table that will be used for this calculation.

Sales and Employment Indicators by partner and Subsector	Grants Amount	Baseline			Actual 2008, December 31		
		2007 Total Domestic Sales (mt)	2007 Total Value of Sales	Total Sustainable Employment	Total Domestic Sales Jan to Dec 2008 (mt)	Total Value of Sales Jan to Dec, 2008	TOTAL Sustainable Employment, as of Dec 31, 2008
A. Dairy Subsector							
Names of Grantees							
B. Berry Subsector							

First Annual Workplan

Annex C

Youth Enterprise Program and Business Plan Competition

Youth Enterprise Program and Business Plan Competition

In Serbia, as in many other former Socialist countries, youth in rural areas often do not have role models, in their families, locally successful farmer organizations, or educational institutions with the experience and knowledge to teach them farming as a business. Many are left on their own to leave the countryside and pursue jobs elsewhere or to stay on and work the family plot with little support for modernization, marketing or investment. Some rural high schools, like the Agricultural High School in Kraljevo, and agriculture universities, offer ad hoc training courses on business planning, but there are no coordinated efforts at the national level on part of the GOS, academia, or private sector buyers and processors of food to institute a sustainable program to reintegrate youth into the country's agricultural sector.

Youth Business Plan Program. With the support of the Ministry of Agriculture, the Ministry of Education, and the Chamber of Commerce, the USAID Agribusiness team will launch a nation-wide business planning competition to educate Serbian youth and promote new ideas and opportunities in the business of agricultural. In cooperation with the University of Agriculture and the Ministry of Education, the USAID Agribusiness team will introduce secondary and continuing education courses in entrepreneurship, agricultural marketing, business development, and understanding trends in agribusiness production and technology. Training will be offered to Universities and High Schools specialized in agriculture and entrepreneurship/management curriculum; armed with business planning know-how, students in these courses will be encouraged to submit their entrepreneurial plans to compete for start-up grant funding and technical assistance.

Our USAID Agribusiness Youth Programs Director, Ivana Petrovic, will take the lead on designing the Business Plan Competition. Ms. Petrovic was the first community development officer hired for Central Serbia's CRDA program and served the entire six years developing projects, community boards, and directing the Youth in Business Program. She played a key role in developing parallel Youth Task Force Boards, and was solely responsible for designing a Youth in Business program that was adopted by 22 schools in 13 municipalities. Ms. Petrovic developed the curriculum, trained 31 professors, and worked with students to develop their individual businesses — she also initiated a program of awarding small grants to the most successful student enterprises so they could register and grow with extra start-up capital. The program was so successful that Norwegian AID in Serbia took over the program in its entirety when CRDA-E ended.

Ms. Petrovic's learning curve will be small as she works with the ABDS delivery team to build the Youth Business Plan Competition around the framework of the USAID Agribusiness subsectors — she will find ample opportunity to integrate the wealth of Serbian technical experts and volunteers contributing to the USAID Agribusiness with youth training and mentoring activities.

Youth Enabling Activities. Complementing the business plan competition will be a 'Youth Enabling' component led by Ms. Petrovic, with support from Senior Policy Advisor, Bill Emerson. The Youth Enabling effort will promote policy dialogue aimed at creating opportunities that:

- Engage youth in the agricultural industry,
- Help youth gain access to the factors of production (land/Labor and capital),
- Pair entrepreneurial youth with master farmers under an apprenticeship scheme, and
- Enable young farmers to gain access to land through improved leasing and purchase arrangements.

Expanding opportunities for young entrepreneurial farmers will include working to rebuild extension services through universities and introducing 4-H youth programs — opening a space for regional cooperation and shared know-how with neighboring countries such as Croatia and Slovenia. Additionally, the young entrepreneurs will be supported by student-to-student and professor-to-professor mentorship programs with US universities. The

USAID Agribusiness team will also explore the feasibility of a policy that encourages elderly farmers to retire and free up their land for younger entrants as part of a land credit scheme.

The overall youth enterprise program will include a number of different steps designed to prepare Serbians aged 15-24 for greater participation in the agricultural sector and then to facilitate their entry into the sector. This will include a multiple activities to enhance their skills (improved business development planning in agricultural schools, enhanced continuing education programs, participation in 4-H, and internships with agribusinesses) and to prepare them for the actual business plan competition. The business plan competition will orient students towards possible activities in the main subsectors that the USAID Agribusiness will be working in, and will provide grants in the amount of up to \$15,000 to each successful business plan submission.

DETAILED APPROACH TO THE USAID AGRIBUSINESS YOUTH BUSINESS PLAN PROGRAM DESIGN

ACTIVITY 1: With the support of the Ministry of Agriculture and the Ministry of Education, introduce **business development planning courses** in all specialized Agriculture High School (e.g., Agriculture High School in Kraljevo) and Agriculture Universities in the country. The USAID Agribusiness-led program will be a precursor to a national business planning competition supported and headed by the Ministry of Agriculture and the Serbian Chamber of Commerce.

ACTION PLAN:

- Arrange and conduct consultation meetings with Ministry of Education and Ministry of Agriculture to discuss Agricultural entrepreneurship programs offered through Serbian education system and on USAID Agribusiness program to offer financial assistance through Youth Business Plan Competition.
- Conduct Audit of Agricultural Entrepreneurship curriculums on the High School and University levels.
- Present findings to Ministries (Ed & Ag) and establish next steps for the USAID Agribusiness to provide Technical Assistance for updating of Entrepreneurship curriculums.
- Project to provide Technical Assistance for Agricultural Entrepreneurship Curriculum to be updated on High School and University levels.
- Proposed Curricula to be submitted for approval to Ministry of Education and Ministry of Agriculture. Updated curricula must be approved through special committee process as required by Serbian Law.
- Once the updated curriculum is approved, implementation process may begin. Process may take up to one year unless fast tracked due to approval process and school implementation schedule.
- USAID Agribusiness project to provide Technical Assistance for curriculum preparation, material preparation, and professor trainings.

ACTIVITY 2: Institute **4-H programs** with the already voiced support from the University of Belgrade, the Agriculture High School in Kraljevo, the Dairy School in Piro, the University of Novi Sad Agricultural School, and the Cacak Institute. This national 4-H program will be linked regionally with 4-H affiliated chapters in Slovenia and Croatia. Our team will work closely with the USDA-FAS in this endeavor.

- Meet with and obtain buy-in from USDA-FAS in Belgrade for the establishment of a Serbian Chapter of 4-H. Prepare joint proposal for Min of Agriculture.
- Through joint presentation of USAID-Agribusiness Project and USDA-FAS, meet with Ministry of Agriculture and present proposal for the establishment of 4-H Program in Serbia.

- Obtain Ministry of Agriculture buy-in and Financial Support for 4-H Program (as Serbia operates on a 2-year Budget cycle, we may need to offer initial financial start-up organizational and implementation assistance. USDA may be of financial assistance.)
- As 4-H is supported through Extension Services and through Educational System, the Project will contact Ministry of Education for presentation of 4-H and seek approval for usage of school system for implementation.
- The Agribusiness Project will coordinate with University of Belgrade School of Agriculture faculty and graduate students to provide support and personnel for 4-H program.
- Create US exchange program bringing US 4-H Chapter personnel to Serbia for trainings and send Serbian personnel to visit US 4-H Chapters for on-the-ground learning.
- The Project to provide Technical Assistance over and above USDA-FAS Technical Assistance on implementation of 4-H program. This may include translation of 4-H materials from English into Serbian.
- USAID Agribusiness Project to contact and coordinate with Croatian and Slovenian 4-H Chapters to establish mentorship program for implementation guidance and materials.
- Create regional 4-H coordination plan that supports cross border events between 4-H Chapters linking Croatian, Slovenian and Serbian students through education and common interests.

ACTIVITY 3: Introduce **continuing education classes** on entrepreneurship and business management best practices. The University of Belgrade and the Agriculture School in Kraljevo have supported this idea and the team will work together with both institutions to develop a nation-wide continuing education courses in all specialized agriculture schools.

- The Project is to meet with Ministry of Agriculture, Ministry of Education, and University of Belgrade School of Agriculture to investigate existing continuing education opportunities for graduates from Agricultural Colleges and Agricultural High Schools.
- Create analysis, review Project opportunities for support, and create initial proposal for Ministry of Education.
- Present Analysis to Ministry Education with recommendations for USAID Agribusiness Project assistance in supporting the enhancement and/or establishment of continuing education opportunities.
- The Project to provide Educational Technical Assistance to Ministry of Education for the creation of Agricultural Continuing Education Curriculum to be offered through University and High School systems.
- The Project is to assist with the development of curricula materials and trainings for faculty of Agricultural Continuing Education Programs.
- The USAID Agribusiness Project is to assist Ministry of Education in preparing budget proposal for financing of Agricultural Continuing Education Courses. Budget may be obtained through various sources beginning with Serbian government in addition to other Ministries, and Donor Organizations such as World Bank, EAR, USAID, etc.
- The Project will assist with promotional materials and coordination with Ministry of Agriculture to announce launch and availability of new program.

ACTIVITY 4: Develop **Internship Programs** for second and third year students at agricultural high schools and agriculture universities. Work with Chamber of Commerce to obtain business support and participation.

- Project to meet with Serbian Chamber of Commerce to develop proposal for Internship Program to be presented to Ministry of Education and Ministry of Agriculture.

- Serbian Chamber of Commerce to obtain buy-in from agricultural business sector for participation in the program.
- Project personnel and Chamber of Commerce to submit proposal to Ministry of Education, with support from Ministry of Agriculture, for Internship Program approval to pursue Internship Program structure and implementation.
- Internships to be counted as part of curriculum on both university and high school levels.
- The Project is to provide technical assistance to design structure and report requirements for students participating in the program. Example: Students have weekly faculty review of their internship work to discuss what they are learning and explore questions the students may have. Weekly reports will be required from students with a final report due at end of session (or summer).
- The Project with Chamber of Commerce and Ministry of Education to announce launch of new program with high profile business leaders who have signed-on as part of program.

ACTIVITY 5: During month six of year one, we **will launch the initial Youth Business Plan Competition** at Belgrade University School of Agriculture graduate program, Agriculture High School in Kraljevo entrepreneurship class, and Dairy School in Pirot. Support for this launch will be provided in coordination with the school calendar. The year 1 competition will take place while curriculum is being developed (Activity 1) to support the expanded year 2 competition. This will be a role-out program and precursor to a National Youth Business Plan Competition with advisory support to come from other schools, agribusinesses, and project staff.

- The Project to partner with Serbian Chamber of Commerce with support from Ministry of Agriculture and Ministry of Education to launch initial phase of Youth Business Plan Competition at University of Belgrade School of Agriculture, Agriculture High School Kraljevo and Dairy High School in Pirot.
- Establish financing structure with Serbian Chamber of Commerce to be cost-shared Ministry of Agriculture (and/or other partners such as National Investment Fund).
- Seek out a sponsorship by a financial institution that can provide mentors, training, and potentially fund youth-led businesses
- The USAID Agribusiness Project to create a competition judging committee. Committee to consist of 1- Serbian Chamber of Commerce; 1-Ministry of Agriculture; 1-Serbian Agricultural Lending Bank (AgroBank or Opportunity Bank); 1-2 from Agri-Food Business Industry; 1-Sub-Sector Association or Export Assoc; 1- Legal Firm; 1- Accounting Firm.
- Publicize a call for business plan concept papers through participating Universities and High Schools— followed by an info session conducted by the Project Youth Program Director, Ms. Petrovic.
- Initial submitted business plan concept papers are reviewed — selected youth entrepreneurs invited to attend an intensive two-week workshop on how to develop a professional business plan. (the training course will come from the curriculum being designed for year 2 of the program (see Activity 1))
- Final round of newly submitted professional business plans are vetted and first-year awards are made.
- Winners of Competition announced in Joint Press Conference between US Ambassador, Serbian Chamber of Commerce and Ministry of Agriculture.
- The Project provides STTA consultants to work with awardees — advisory support (technical, financial, management) continues with youth entrepreneur businesses to mentor and approve grant funding.
- Tie awardees in, as speakers and mentors, to years 2-5 of the Business Plan Competition.

BUSINESS PLAN COMPETITION PROCESS, TIMING, AND STRUCTURE

Process & Timing. The first year pilot Youth Business Plan Competition will include a call for business plan concept papers and lay out the key selection criteria and indications for appropriate types of activities to be supported by the end of month 6. Concepts will be due to the Project within one month and reviewed by the Project's internal review committee, comprised of the Youth Program manager, the Chief of Party, a representative from the producer organization team and one from the marketing team. A short list of up to 30 concepts will be established by the end of month 8 and the selected participants will be invited to submit business plans. Concepts can be either for expansion/enhancement of an existing business or the creation of a new business. Each business plan concept should concentrate on business opportunities that will integrate into the five identified subsectors.

During year one, while the academic programs are being finalized, the Project will organize a series of two day workshops with the short listed candidates to brief them on the process and requirements for submission of the business plan. The workshops will focus on what should be presented in terms of (a) market analysis, (b) business plan strategy, (c) financial and cash flow analysis. The workshops will be presented sequentially to allow the candidates to work on each section and then move onto the next.

During months 3-8, the Project Youth Development lead will work with University/High School faculty and the program technical team to develop the modules for the workshops. These modules will form the foundation of the more extensive semester-long Entrepreneur Development course curriculum to be offered by the Universities and High Schools beginning in year 2. After the business plan training sessions, participants will complete final professional business plans which will be submitted by end of the second week of month 10. Each business plan will state the value of the grant it is requesting, what it will be used for and the timing of the disbursements.

The USAID Agribusiness Project will assemble the business plan selection panel from representatives of the Project; USAID; the Serbian Chamber of Commerce; the Ministry of Agriculture; a Serbian Agricultural Lending Bank (AgroBank or Opportunity Bank); 1-2 from Agri-Food Business Industry; Sub-Sector Association or Export Assoc; Legal Firm; and Accounting Firm. Given time constraints, these representatives will review the finished business plans, only.

After adjudication by the judging panel, using a clearly defined scoring sheet, the ten winners of the Business Plan Competition will be named and recognized publicly by the end of month 11. From the cadre of Project experts, one advisor will be assigned to each of the ten winning small businesses to develop a detailed *action plan*, offer guidance, and vet investment decisions funded by our grants. This initial contact by a Project consultant is designed to assess readiness to move forward, determine what needs to be done, how it will be financed, decide and who will do what, and recommend additional SNAgA supporting interventions.

An extensive matrix will be built that documents the process from concept to final decision for each participant.

- Month 3: Begin curriculum development with University/High School faculty
- Month 6: Competition announced – send call for concept papers
- Month 7: Concept papers due
- Month 8: Identify and notify short-list of 30 small business concepts
- Month 9: Offer business planning workshops
- Month 10: Final professional business plans from 30 participants due
- Month 11: Select and honor 10 winners of competition—assign each winning company a Project advisor to develop an action plan to move forward

In the pilot phase (year one), the competitions will be limited to the students in the University of Belgrade School of Agriculture, Agriculture High School Kraljevo, and Dairy High School in Pirot. After the pilot Youth Business Plan Competition in year one, it will be rolled out on a national level in year 2, to incorporate more schools in addition to those participants in the 4-H and continuing education programs (Activities 2 and 3). From year 2 on, we expect to see more applications for expansion grants by existing small businesses.

We plan to run a full competition starting from the first month beginning in year 2 — this will be possible since the entrepreneurship curriculum and competition structure will be streamlined and built in to the programs at participating Agricultural Universities and High Schools.

Structure. The Project expects that most of the investments made under the Business Plan Competition will be used to respond to market opportunities in the targeted subsectors. Therefore, the investments will primarily help entrepreneurs to train employees in new processes or techniques; to cover marketing costs such as producing new promotional materials, new product packaging or a new advertising campaign; to pay for trade fair expenses such as booth fees and promotional items. Investments may also be used to cover professional services, such as packaging or advertising design, hiring a trainer, consulting services, assistance in reorganizing company, entering new markets, or purchasing new equipment to implement the plan (subject to the \$5,000 ceiling under the grants).

The Youth Business Plan Competition scope will follow the framework below, and is subject to change during the workplan process.

Eligible Companies/Individuals

- Existing companies with specific opportunities for strategic expansion (modernization, upgrading technology, etc.)
- Start-ups showing innovation and growth potential
- Manufacturers, agricultural processors, and agribusiness development service companies that fall within the final five approved subsectors in which the USAID Agribusiness program will work
- Unregistered companies must be willing to register within a reasonable timeframe
- Companies owned and operated (or start-ups) by young Serbs aged 15-24

Forms of assistance:

- Competition awardees may be eligible for a combination of grant, training, technical assistance, mentoring for six to 18 months.
- The Project can offer grants of up to \$15,000 for each business. Amounts must be clearly justified.
- Businesses receiving an investment will be encouraged to secure a matching investment via owner capital and/or a new bank loan. Financial institution sponsors of the competition will provide guidance of ways to access additional sources of finance, including their own institutions.
- All investments to assisted small businesses will be vetted and approved by the project advisor assigned to mentor the given company.

Grants cannot:

- Finance inventory or most raw materials
- Purchase used equipment
- Re-finance existing debt
- Pay or reimburse for an owner's required share for participation in another donor project
- Pay or reimburse an owner or family member to provide a product or service
- Cover domestic or foreign travel expenses for owners or employees

The grants awarded in the Youth Business Plan Competition will fit within the Project Grants Program Structure (see Annex B). Innovation grants (small non-compete grants) will also be available to awardees during their 6-18 month consultation period, and subject to the approval of Project business strategy advisors.

The Youth Program Director will work closely with the M&E Specialist to track the return on investment for the Youth Business Competition grants. Most ROI tracking will be based on sales of assisted companies — when reasonable and possible, we will attempt to measure the multiplier effect of the grants and assistance. This might include: technology adoption by industry players, loan funds leveraged, number of new non-grant assisted start-ups, etc.