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Dear Reader,

USAID Serbia and Montenegro is uploading the USAID Agribusiness Evaluation Final Report to DEC (Development Experience Clearinghouse). Acting in accordance with USAID Evaluation Policy, the Mission conducted two internal review meetings to discuss the quality of the evaluation report and sent comments back to Mendez England and Associates (MEA), the company that performed the evaluation. The comments were related to the statements within the Final Report which were inconsistent with the Mission's interpretation of the current situation and results achieved.

The Mission's internal technical review process identified a number of contradicting views and opinions which were shared with the MEA evaluation team. The MEA evaluation team chose not to address all the Mission's concerns. The Mission decided to incorporate its comments into the Final Report document as an addendum (see Annex J – USAID and DAI comments on the Evaluation Report).

The USAID Serbia and Montenegro Mission advises all readers of this report to take into consideration these comments when referencing or using any information in this Evaluation Report.

A handwritten signature in blue ink, appearing to read 'Ansan Junt'.

USAID SERBIA AND MONTENEGRO
MISSION DIRECTOR

DATE 3-28-2012



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SERBIA AGRIBUSINESS PROJECT (SAP) EVALUATION

FINAL REPORT



This publication was produced for review by the United States Agency for International Development
It was prepared by Mendez England and Associates
November 8, 2011

**SERBIA AGRIBUSINESS PROJECT (SAP)
EVALUATION**

Final Report

Prepared under RFTOP No. SOL-169-11-0000022

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USAID/Serbia & Montenegro

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LIST OF ABBREVIATIONS

CEFTA	Central European Free Trade Agreement
CAP	Common Agricultural Policy
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
CRDA	Community Revitalization through Democratic Action
DAI	Development Alternatives Inc.
DCOP	Deputy Chief of Party
EIS	Environmental Information System
EU	European Union
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
CT	Information & Communication Technology
IMF	International Monetary Fund
IPARD	Instruments for Pre-Accession Rural Development
ME&A	Mendez England & Associates
MAFWM	Ministry of Agriculture, Forestry and Water Management
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
PMP	Performance Management Plan
PPP	Public Private Partnership
PSD	Private Sector Development
SAP	Serbia Agribusiness Project
STIPS	Serbian System of Market Information in Agriculture
ST	Short Term
SME	Small and Medium Enterprise
SOW	Statement of Work
TAMIS	Technical and Administrative Management Information System
TOR	Terms of Reference
UN	United Nations
USAID	United States Agency for International Development
WB	World Bank
WHR	Warehouse Receipts Law
WTO	World Trade Organization

1.0 EXECUTIVE SUMMARY

The following report is the result of the findings of a mission to Serbia by the independent external Evaluation Team commissioned by Mendez England & Associates (ME&A) on behalf of USAID/Serbia and Montenegro, pursuant to the RFTOP Evaluation Solicitation Number SOL-169-11-000002, dated 18 April, 2011. The report is a review and analysis of the USAID-funded Serbia Agribusiness Project (SAP), started in September 2007 and due to end in September 2012. The main focus of the evaluation is to determine the extent to which SAP, implemented by Development Alternatives, Inc. (DAI), has been accomplishing the terms and objectives of the project in line with the Mission's Strategic Objective 1.32, "Enterprise Growth Increased in High Potential Sectors and Municipalities" to date.

SAP was specifically designed to increase the efficiency and competitiveness of Serbian agribusiness enterprises all along the value chain in targeted sub-sectors complemented by efforts to improve the overall enabling environment for agribusiness. According to the project's website "this 5-year, \$25.8 million economic development project, provides assistance to Serbian agriculture and agribusinesses with the aim of increasing agricultural sales and exports by Serbian firms and creating new employment in the six selected agricultural sub-sectors."

The Evaluation Team found that SAP has, to date, made a meaningful and valuable contribution towards meeting its two main objectives: 1) Increasing the efficiency and competitiveness of Serbian agribusiness; and 2) Improving the enabling environment in which it operates. Interventions have largely been successful in reaching out and adding value to enterprises, business associations, industry service providers, relevant government departments, and the country's youth population. Individually and collectively, these interventions have served their purpose in two important ways. First, the level of awareness among key stakeholders, beneficiaries and direct recipients of technical assistance regarding the need to upgrade their operating activities in line with international best practice and standards, has been significantly enhanced through the project's involvement. Second, SAP has played a leading role in collaborating closely with government to create a more business-friendly environment for those with a vested interest in agriculture and agribusiness in Serbia, for example, through influencing the introduction of important legislation - including increasing the accessibility of development funds for farmers and producers - via the Law on Public Warehouses for Agriculture Products.

In quantitative terms, the project appears to have met most of its pre-determined targets - original and/or revised - although in a number of instances the gathering and compilation of such statistical data seems solely reliant on feedback from the recipients or beneficiaries of SAP interventions. Therefore, in adopting this methodology it could be argued that some of the project's results could be open to question given that there is no reliable way for the project team to determine the efficacy of such data. On the other hand, the project appears on safer ground with regard to the production of documentation, including reports, studies and surveys on agribusiness-related issues in Serbia, all of which have significantly added to the knowledge base of key stakeholders. On balance, it is probably safe to conclude that most of the original (revised) targets appear to be realistic although in some instances they were clearly over ambitious.

In qualitative terms, many of the project's achievements have been corroborated by those interviewed by the Evaluation Team from youths starting their own businesses to better-established organizations including farmers, service providers and government bodies. Most of the comments indicated that collaboration with SAP has been a positive experience and has added value in one way or another to their respective activities resulting, in some cases, to improved bottom-line performance. In others, SAP's contribution has been to help raise the profile of an organization's standing in the market place. In the case of government, the project has assisted in drawing attention to economic issues of importance, including its longer-term strategies for EU accession and anticipated Instruments for Pre-Accession Rural Development (IPARD) funding with regard to Southern Serbia.

In terms of delivery, several important issues emerged from the evaluation, the most relevant of which was that the project seemed to be somewhat over-burdened with bureaucratic procedures resulting in some delays in planned activities. Reporting between SAP and USAID also seems excessive in terms of the proliferation of

documentation required for scrutiny and/or approval. Clear and concise recording of actual against planned results is difficult to track and occasionally confusing. While SAP has employed the use of Technical and Administrative Management Information System (TAMIS) - a project administrative tool used to track approvals and events including purchases, travel, consultants and activities - project management has no similar unified mechanism of measuring actual performance against plan. Instead, it relies on a combination of Annual Reports, Performance Management Plans (PMPs) and Results vs. PMP Indicators in order to provide analysis and commentary on how the project is performing. The result of this proliferation in reporting documentation appears to do little to inform management decision-making or to provide a focal point for reference regarding performance for project team members.

Following from these observations are a number of important conclusions and recommendations suggested for the final year of the project and for any future follow-on USAID project in Serbia. Below is a brief summary of the main ones:

Conclusions:

1. In qualitative and quantitative terms, the project has, to date, achieved most of its main objectives. Where any deviation has occurred, either this has been addressed in a timely fashion or plans have been developed to ensure that implementation remains on track.
2. The project played a leading role in advising, supporting, and encouraging Serbian agribusiness enterprises to identify, analyze and plan market development strategies with a view to helping them start or expand into overseas export markets.
3. The disbursement of a range of investment grants for local businesses and agribusiness associations has yielded mixed results. A major accomplishment was the extent to which some of those organizations report increases in sales or jobs being created due to the grants.
4. A significant amount of effort has been allocated by the project into reaching out to young people, including students, to promote the concept of entrepreneurship in agribusiness. This has resulted in a number of grants being awarded to Business Plan Competition Winners in support of start-ups, and substantial numbers of students reached via the “Junior Achievement Program.” Overall, SAP has had a positive influence on youth development.
5. The project has made a significant contribution towards improving the business-enabling environment in Serbia, in particular through influencing the adoption of the Law on Public Warehouses for Agricultural Products aimed at widening the scope for farmers and producers to access development funding.
6. It appears that the monitoring mechanism adopted by the project is, for the most part, burdened with excessive reporting: from weekly reports to annual PMPs, work plans and Results vs. PMPs Indicators, among others. This seems unnecessary, time consuming and of little value to effective project management decision-making.
7. One of the project’s aims was to develop a strategy for “Southern Serbia,” although little information on this activity is mentioned or reported in project documentation. A list of action plans has been developed but this does not constitute a strategy for the region (which in any event has never been satisfactorily defined).

Recommendations

1. Based on its accomplishments to date and “goodwill” established over the years, SAP should strive to complete its mandate in its final year by prioritizing activities and focusing on delivering key objectives on time.

2. Whilst a considerable amount of time and effort has gone into assisting local enterprises to access new markets through supporting study tours and attendance at trade fairs and/or exhibitions, recipients often lack initiative or resources to follow-up on these events. SAP could, therefore, spend a little more time with clients post-event to ensure marketing plans remain on track and in helping with the development of longer strategies.
3. In terms of investment grants, the project should have a more robust strategy in place to follow-up on how the grants are being used following receipt. There appears little accountability following disbursement, so the possibility of external auditing should be pursued.
4. Whilst youth entrepreneurship activities including availability of grants have achieved some success, more could be done to publicize the Business Plan Competitions in order to attract potential entrants of the right caliber. Public awareness could also be increased in relevant media and in schools, colleges and universities. The disbursement of grants should also come under closer scrutiny to confirm that funds have been allocated for the intended purpose.
5. Although the project has no plans to contribute to the preparation of further business enabling legislation in its final year, there is some evidence that the existing legislation – i.e. governing warehouse receipts - is not widely known or understood among its intended target audience. Accordingly, SAP could allocate more time in support of public awareness campaigns to ensure the aims of the legislation remain high profile.
6. The primary focus of monitoring activity should be in the preparation of the Results vs. PMPs Indicator charts as this is the only reporting document that tracks actual performance. All the others serve only to explain actions, plans, outcomes and future intentions. This would free up much needed time for management and experts to concentrate their efforts on active assistance directly with clients.
7. On the subject of Southern Serbia, the project was tasked with developing a strategy for the remainder of the project and for the longer term. In order to do this, however, it is essential that a definition be established for what constitutes Southern Serbia, as there appears some confusion on the geographic area to be covered. A strategy is not a list of intended actions but a “road map” of where you want to go. SAP needs to revisit this issue and develop a strategy that takes into account planned EU activities in the region.

2.0 INTRODUCTION AND BACKGROUND

2.1 Purpose of the Evaluation

This evaluation report was commissioned by ME&A on behalf of USAID/Serbia and Montenegro. It represents the findings of an external and independent assessment of the Serbia Agribusiness Project (SAP) implemented by DAI. The objective of the evaluation was “to determine the effectiveness of activities implemented to date and identify any implementation problems that need to be corrected in the final year of the project.” Essentially, the Evaluation Team’s brief was to:

- Analyze the overall impact of project assistance on Serbian agribusinesses in six selected sub-sectors
- Identify any unexpected obstacles to implementation and evaluate how effectively the project has responded to those obstacles (such as the global financial crisis)
- Identify deficiencies in the design of the project and weaknesses in the implementation (what worked, what did not and why?)
- Assess the effectiveness of the project’s grant component in the achievement of intended results
- Evaluate and comment on the current implementation of the project’s “Southern Strategy” into South Serbia and the Sandzak region
- Make specific recommendations on potential future USAID agriculture programming after the current project ends in September 2012

The Evaluation Team reviewed activities from the SAP's inception in September 2007 to date. Data for Year 4 - due to end in September 2011- such as the relevant Performance Management Plan (PMP) were not available for review as it was a work-in-progress that was not completed prior to the departure of the Evaluation Team. Nevertheless, if information or data concerning activities carried out by the project in Year 4 was available from other sources, and was deemed useful in shedding light on SAP's ongoing performance, the Evaluation Team considered their relevance and has commented where appropriate in the body of the report.

2.2 Background on Serbia's Economy and the Need for SAP

In April 2010, the Ministry of Agriculture, Forestry and Water Management (MAFWM), published its "National Agricultural Program for the Republic of Serbia 2010-2013," the main purpose of which was to define the Government of Serbia's (GoS) short-term and mid-term goals regarding agriculture policy based on the Law of Agriculture and Rural Development¹. The intended beneficiaries of the legislation were individual farmers, companies, alimentary and processing industry as well as other ministries, NGOs, foreign investors and donor community. In this program, the GoS acknowledges the challenges ahead for Serbia, taking into consideration the impact of the 2008 downturn in the world economy on consumption and expenditure trends related to agricultural products together with increased worldwide competition for export markets. The program also addresses many of the issues that have an impact on potential growth in the agriculture sector and must be commended for raising difficult questions and suggesting ways to overcome restraints to growth. Nevertheless, it is clear that ongoing support from key stakeholders, including the international donor community, is going to be required in order to ensure that planned objectives are met. In a recent World Bank report², Serbia was ranked 89th out of 187 countries in terms of Ease of Doing Business, significantly worse than Romania, which ranked 56th and Slovenia, which ranked 42nd but almost level with Croatia, which ranked 84th. Moreover, the region itself does not currently appear to be a priority destination for international investors thus making it even more imperative for Serbia to embrace much needed change in its working practices, particularly in agriculture and agribusiness sectors, in order to compete successfully for essential foreign direct investment (FDI) development funds.

Against this background, on 28 September, 2007, USAID and DAI executed the USAID/ Serbia and Montenegro *Serbia Agribusiness Project (SAP)* Task Order. The original intention of the planned intervention for SAP, as defined in the accompanying SOW, was "***increased value of Serbian agriculture product sales and increased agricultural employment.***" The end-result would be increases in:

1. Agricultural GDP
2. The total value of agricultural exports
3. Employment in agricultural processes and services

This in turn would be achieved through targeted support to the project's intended main beneficiaries, namely, "***environmentally responsible Serbian agribusiness enterprises all along the value chain in high potential sub-sectors.***" A further group of beneficiaries would be those tasked with providing technical assistance and support to those enterprises, such as "***agribusiness development service (ABDS) entities including producer organizations***³, ***business associations, private firms, government extension centers and agricultural institutes.***"

2.3 The SAP and its Activities

From its inception, the SAP has worked closely with local partners, beneficiaries and stakeholders in the

¹ Legal Gazette of the Republic of Serbia No. 41/09 adopted in May 2009

² World Bank Annual Report, Doing Business in Serbia, 2011

³ Producer organization is defined in the original USAID / DAI SOW as 'any non-profit or for-profit enterprise that a group of agricultural producers control to serve their interests as agricultural producers, as well as any such organization that may not be controlled by, but broadly serves the interest of a group of agricultural producers, such as agricultural processor i.e. an association, cooperative or for-profit enterprise

agribusiness sector in pursuit of accomplishing its mission. Attention has been paid to addressing the project's overall objective as defined above. In specific terms, the principle means to achieving this objective was the implementation of two sets of components: 1) Increased Efficiency and Competitiveness of Serbian Agribusiness; and 2) Improved Enabling Environment for Serbian Agribusiness. The first component formed the main thrust of SAP's activities and planned interventions with the intended beneficiaries. The second component focused on improving the support mechanisms needed to develop and sustain these interventions essentially through encouraging public/private collaboration aimed at ***“improving the dissemination of agricultural information; mobilize legislative, policy and regulatory reform efforts; and address emergent competitiveness issues including access to financial services.”*** Both components contain specific objectives and tasks that have to be undertaken during the life of the project, with a key set of result indicators against which performance can be measured. It should, however, be noted that some of the above mentioned objectives and result indicators have changed, been amended or removed, while others have been added during the life of the project, resulting in equivalent changes to PMPs where relevant. The original SOW has been amended five times following formal agreements between DAI and USAID. The reasons given for the amendments were based on SAP's perception of the need to realign activities on the ground to take into account the prevailing economic conditions in Serbia at the time the requested changes were made, as well as USAID's amended Country Strategic Plan for Serbia for the period 2011 – 2015.

Finally, the project makes reference to a Component 3 in its Annual Work Plans (although not in the accompanying PMPs), which exclusively relates to Program Management activities including the Grants Program. Therefore, for analytical purposes, it was considered appropriate for the report to include a Component 3, which would specifically address grant activities under the heading, “Establish and Manage USAID Agribusiness Project Grants Program.”

2.4 Methodology of the Project Evaluation

In line with the requirements of the SOW, the Evaluation Team convened in Serbia on Monday, 25 July 2011, for a period of 26 days in-country. A Work Plan (see Annex A) for the evaluation mission was submitted to USAID/Serbia and Montenegro prior to arrival in Belgrade. As indicated in the Work Plan, the emphasis of the Team's activities was on conducting a comprehensive review of available project-related documentation, and arranging interviews with key stakeholders, including SAP project staff, government departments and agencies, industry associations and enterprises. The purpose of this approach was to allow the Evaluation Team to gather as much relevant information and data as possible that would shed light on SAP's activities and its overall performance. More specifically, the review was to encompass two distinct aspects for investigation – quantitative and qualitative – in terms of how SAP was to be evaluated. The quantitative aspect would focus on those activities against which actual performance could be measured over time against pre-determined targets, i.e. the number of actions carried out (procedures implemented, concept papers prepared, number of grants disbursed, draft laws introduced) within the two project components: 1) Increased Efficiency and Competitiveness of Serbian Agribusiness; and 2) Improved Enabling Environment for Serbian Agribusiness.

In preparing the final report, the Evaluation Team referred to the strategic and operational questions mentioned in the SOW and that specifically needed to be answered. These are charted in Section 7 below. The various “illustrative questions” also mentioned in the SOW have been addressed within the body of the report and not answered directly in the same chart form as the strategic and operational questions, in line with the SOW's requirements that the “evaluation itself should not be structured around directly answering those (illustrative) questions.”

Following analysis of the data and information collected as outlined above, a draft final report was prepared and submitted to USAID in Belgrade on Friday, 19 August, 2011. A pre-departure out-briefing with USAID representatives was held the same day. During this briefing, the Evaluation Team presented its preliminary findings and recommendations. Comments and suggestions resulting from discussions between the parties were incorporated in the follow-up draft final report for submission to USAID.

3.0 GENERAL OVERVIEW OF QUANTITATIVE DATA

3.1 Introduction

In order to conduct a comprehensive evaluation of SAP, an understanding of the project's performance in relation to its specific quantitative metrics is vital. Two tables have therefore been prepared to allow a "snapshot" view of the relevant indicators and the actual results achieved and these are depicted in Annex E and Annex F attached. A brief explanation of each table is provided below with descriptive notes where appropriate. More detailed findings and observations are presented in the following sections with regard to each of the projects components. The main reference points for the quantitative evaluation were the SAP Annual Work Plans, PMP reports, as well as various weekly and quarterly periodic reports (see Annex C for a full list of material consulted). The only references for SAP recorded results are the Annual Results vs. PMP Indicators Excel sheets. An additional Component 3 has also been inserted into the tables to provide an overview of the performance of the various grants programs. Finally, data collected by the SAP team is entered into DAI's TAMIS system on a daily or weekly basis but this was not made available to the Evaluation Team although information was extracted and provided on request from TAMIS where it was deemed necessary and relevant to the findings in this report.

3.2 Presentation of Quantitative Tables

Based on previously tested and adopted methods of depicting the performance of a project in quantitative terms, the Evaluation Team has prepared two charts in matrix format. Both are attached to this report as: 1) Annex E – "SAP: Annual Breakdown of Results"; and 2) Annex F – "SAP: Overall Monitoring and Evaluation." Annex E highlights actual performance against plan in numeric terms within the three project components for the 4-year period 2008-2011. Annex F offers an overview of overall performance for the same period as to whether objectives have been achieved or not and if not, why not.

3.3 General Observations

The sourcing, gathering and analysis of quantitative data and information proved to be a substantial undertaking by the Evaluation Team, especially due to the enormous quantity of documentation produced by the project for reporting purposes. In addition to weekly reports and annual work plans, a wide variety of sector related papers and documents have been prepared including commodity action plans, value chain assessments and client impact surveys. All of these documents required content review for reference and cross-reference purposes.

The focus of analysis was on the project's achievements within each key indicator, work-in-progress and activities still to be implemented due to revision, delay or included for implementation in the final year of the project, from October 2011 to September 2012. Where activities have not been fully achieved or not achieved at all, comment is made in the analysis identifying possible reasons (if known) for lack of progress including project-related weaknesses or shortcomings. At the same time, if there were events outside of the project's sphere of influence or control that had a direct impact on SAP's ability to achieve results, they are also identified and expanded upon, where appropriate.

In summary, the majority of the project's performance indicators to date have largely been met as highlighted in the year-by-year breakdown in Annex E and further elaborated in Annex F. Explanations are provided for each indicator regarding level of achievement or lack of it. Some of the indicators have been revised or changed throughout the lifetime of the project.

4.0 EVALUATION OF COMPONENT 1: INCREASED EFFICIENCY AND COMPETITIVENESS OF SERBIAN AGRIBUSINESS

4.1 Quantitative Data Evaluation

The activities in this section are described in detail to reflect the expected outcomes within the above-mentioned time-frames.

4.1.1 Strengthen Organizational Capacities of Producer Groups

Background

The main focus of this activity was on strengthening the capacities of producer organizations (POs)⁴ by upgrading their ability to more effectively represent the interests of their members. Essentially, this would encompass working closely with selected POs to provide them with a more in-depth understanding of market needs and, in particular, EU requirements related to food quality and safety. In this way, members would have access to more informed information, especially regarding export practices and procedures, which in turn would significantly improve their chances of entering new markets or expanding their activities in existing ones. In addition, the project would also provide advice and assistance to POs on how members could achieve economies of scale in production, create better market linkages, and improve access to finance opportunities. POs would also be made aware of the value of encouraging members to employ the services of professional advisors - including legal, financial, marketing - in those aspects of their business in which they lack the relevant skills or expertise themselves. In practical terms, SAP would work with existing POs in the project's targeted sub-sectors such as dairy, livestock and meat processing, vegetables, berries, wild mushrooms and herbs and spices. The result of these interventions would lead to POs becoming far more professional in their outlook and increase their chances of being taken more seriously as potential business partners by processors, exporters and the retail sector. Ultimately, these measures would contribute significantly to helping the POs as well as their members become more competitive and, thus, better equipped to develop and grow. Finally, the project was also tasked with assisting POs to increase membership and this is commented upon below.

The key performance indicators by which the project would be measured relative to this activity were the following:

1. Number of producer organizations assisted
2. Number of new members joining SAP-assisted POs
3. Total dollar value of member sales through SAP-assisted POs
4. Average score of SAP-assisted POs on the Organizational Capacity Assessment Tool

SAP's Performance

To date, the project has worked with 48 POs, which is slightly less than 50% of the original cumulative target of 110. However, this figure was eventually revised to 45 by the project in response to their assessment that sufficient numbers of suitable and/or available POs with whom they could collaborate were limited in Serbia. Project activities were carried out by the Producer Organization Specialist in collaboration with the Sector Leads. Between Year 2 and Year 4 a number of important initiatives were accomplished: 10 national industry associations have been supported, 4 of which the project was instrumental in helping create; In addition, 14 local associations have been assisted. Future plans include the establishment of 2 more associations for the Dairy Processors and Meat Processors of Serbia. It is anticipated that these accomplishments will become lasting legacies to USAID assistance program in Serbia. With regard to cooperatives, the project started with the Organizational Capacity Assessment Tool (OCAT), which assessed the management capabilities of 42 cooperatives and created the basis for a cooperative management training program that was implemented in collaboration with the Ministry of Agriculture.

Further specific examples of project support to POs include technical assistance to apple growers' cooperatives on new postharvest treatments and application of "Smart Fresh," (US technology aimed at maintaining the quality of fresh apples in long-term storage) and organization of a number of overseas study tours for Serbian dairy producers and berry fruit producers. In 2011, three study tours took place: 1) a study tour of meat processors to the US; 2) a study tour to Northern Italy for berry fruit producers – vertically integrated operators – to visit the leading nurseries, cooperatives and companies dealing with strawberries and other berries; and 3) a study tour to South Tyrol for agricultural cooperatives involved in apple production. The main objective of this tour was to learn about contemporary cooperative management and production.

⁴Early in Year 2 the project re-defined the term Producer Organization to mean 'group owned and operated agribusiness entities such as industry associations and farmer cooperatives'

Regarding the number of new members joining POs, the project more or less achieved its targets for the first two years, although the ten-fold increase anticipated for the following two years was clearly unrealistic. One of the other performance indicators under review was the extent to which the project contributed to PO members increasing their sales. Here, evidence appears to suggest that in the first three years of the project a total of \$17.47m was reported by PO members, which can clearly be considered a major project achievement.

Conclusions

SAP has without doubt played a key role in addressing the needs of those POs with whom it collaborated and in the creation of several others. Interviewed POs were in general agreement that the project helped establish priorities and provided direction. Project interventions were usually deemed as timely, especially with regard to seasonal requirements and planned activities. Continued support of POs for the duration of the project is going to be important as is the ongoing need to assist them become more market and profit-orientated. This way, the project will also have an impact on PO members themselves who stand to benefit from being active participants within a more professionally and informed representative body

4.1.2 Strengthen Agribusiness Development Service (ABDS) Delivery

Background

One of the determining factors of an open market economy is the extent to which public and private sector organizations have access to professional business development service providers, the employment of whom can lead to significantly improved management decision-making. Within the context of the project, ABDS support should help “agricultural enterprises identify cost-effective investments and operational adjustments needed to improve their operational efficiency and competitiveness.” The SAP team was tasked with providing technical assistance services and advice in the following four key areas:

1. Technical: Production-orientated actions aimed at reducing unit costs and upgrading quality standards in line with local and internationally accepted standards
2. Management: Mainly concerned with business and operational planning, practices and procedures
3. Financial: Associated with financial management and accounting and business loan applications
4. Marketing: Identifying market opportunities (domestic and international), product and service delivery, strengthening market linkages and representing sellers to buyers

The project was required to implement these tasks through the provision of support to establish and help the expansion of ABDS providers aimed at serving the needs of agribusiness enterprises all along the value chain. Initially, the project would provide direct ABDS support to enterprises whilst at the same time actively offering technical assistance and training to existing ABDS providers. The expected result of these interventions would be the establishment of a network of sustainable and effective private ABDS providers in Serbia. In terms of delivery, the project was required to meet or exceed a number of key indicators against which performance would be measured including the number of assisted ABDS providers and started, and the dollar value of revenues generated from ABDS providers as a result of SAP assistance.

SAP's Performance

It was apparent from an early stage in the project that the ABDS market in Serbia was largely undeveloped and that demand for even more providers in the foreseeable future would be limited. The project, therefore, rightly focused its attention on building the capacities of existing ABDS companies. Emphasis was on creating additional services within those companies and upgrading their ability to provide services more efficiently and effectively. Accordingly, the project did not help create any new ABDS companies and this is reflected in the quantitative data in the SAP Annual Breakdown of Results Matrix (Annex E). At the time of the evaluation, 59 ABDS providers had received assistance via a range of technical support interventions.

The initial priority for the SAP team was to develop an understanding of the ABDS market in Serbia. This was achieved via preparation of a baseline inventory of ABDS providers servicing the sub-sectors under review,

resulting in a general appreciation of their capacity-building needs. Based on this, the team defined the following tasks for ABDS implementation:

- Improve access to financial services by Serbian agribusiness, especially provide technical assistance to resolve significant problems in accessing loans for working capital and investment
- Develop a program for strengthening the network of financial ABDS providers who can develop costing and financial feasibility studies for particular business investments and alternatives
- Facilitate study papers and dissemination of information about government/bank/donor credit/loan packages for agribusinesses
- Assist banks and other financial institutions in developing credit facilities demanded by stronger value chain clients; identify lenders willing to develop their agricultural finance capacity, and work with them to develop credit facilities to respond to particular needs for financing for upgrading and ongoing operations
- Improve collateralization of farms through legal registration - work with associations and the Ministry to register farms - making them eligible for governmental financial assistance and commercial loans
- Improve knowledge and bankability of agribusinesses through series of seminars in cooperation with bank loan officers

To date, the project has worked with the ABDS providers in a number of capacities to assist them develop a greater understanding of their market and potential clients together with a menu of services that should be offered to increase their own marketability. As mentioned, this has resulted in new services being added to portfolios. For example, the project-supported “Negotiation and Business Leadership Skills” Training-of-Trainers program led to the introduction of this type of training by several training companies (ABDS providers).

In terms of the dollar value, the cumulative target of \$400,000 revenues generated from ABDS providers for the first four years has been well exceeded, with reported revenues (through annual surveys with all beneficiaries) of just under \$1.0m. It is not a surprise that client satisfaction ratings were achieved. With respect to the two remaining indicators in this component, i.e. number of producers/processors who have received credit and their total dollar value, this yielded mixed results with only 8 such organizations receiving \$3.66m, although it was initially anticipated that 120 companies would be assisted. According to SAP, one of the reasons for this discrepancy is that producers and processors had little problem in accessing commercial funds or the GoS’ funds for private sector development and, therefore, did not perceive a need for special assistance. Concerning the total dollar value of credits received by producers and processors as a result of SAP’s assistance, the project exceeded the plan by far in Year 1 and Year 2, but failed to do so in Year 3 (started in September 2009) when the banks in Serbia reduced, and some even stopped, disbursement of loans due to the financial crises, which started in September 2008.

Conclusions

There is little doubt that the SAP team has made some progress in raising the awareness of the ABDS sector in Serbia and in highlighting the value that service providers can add to enterprises, albeit within the context of a somewhat unsophisticated and underdeveloped market place. Whilst it has been argued that there are insufficient ABDS providers offering relevant services to the agribusiness sector, the available evidence suggests that demand is, in fact, limited and in this respect, the project has correctly concentrated its efforts in supporting existing providers rather than trying to create new ones. Whether this effort will lead to a sustainable sector with clients willing to pay for those services in future, remains to be seen. It is probably too early to make this assessment but SAP’s contribution has been recognized as an important step forward. In reality, it is likely that “freelance” public sector employees will continue to serve agribusinesses whilst still employed by the government rather than taking the step of starting their business. In discussions with interviewees, this view was confirmed, with several indicating that they would not be able to afford the market rates demanded by commercial service providers.

4.1.3 Youth Enterprise Program and Business Plan Competition

Background

In Serbia, as in many other former socialist countries, youths in rural areas 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. To overcome this deficit, the project intended to encourage youth (15-24 years) in agribusiness, i.e. motivate young upcoming farmers with agricultural educational background to start their own agri-business by doing something new or by establishing an additional commercial activity on the farm of their parents.

In principle, the high schools/vocational schools should be in charge of this task. However, due to their outdated curricula and methodologies, they cannot provide the education needed in the business world. Therefore, SAP tried to improve the situation through three project activities:

- Implementation of the new “*Entrepreneurship in Agribusiness*” training program at the end of which SAP organized several rounds of Youth Business Plan Competitions
- *Business Plan Competitions* aimed at providing an impetus to young entrepreneurs to refine their business ideas and acquire the capital – in form of a grant up to \$15,000 - necessary to make it happen. Also included was the *Internship Program ID Agribusiness Project*, within the Youth Program, which recognized the need for connecting companies with high school and University Agriculture Faculty students, through its internship program that enables students to enrich their knowledge with work experience within selected companies during the summer break. This internship program intends to bring the following advantages for students: observation and participation in modern business processes and possibility to use gained knowledge in a real working environment; acquiring intellectual, technical and life skills; and using office equipment necessary for modern business
- Stronger involvement of the Ministry of Education, Ministry of Agriculture, private sector and others in the entrepreneurship/business management curriculum in agricultural high schools and universities.

In addition to the winners of the Business Plan Competition, the project would provide assistance to young farmers/entrepreneurs within the selected sub-sectors. This assistance would include technical assistance, training programs, management capacity building, assistance in developing proposals, work plans, strategies, as well as market study tours and fairs.

SAP’s Performance

From the start of the project, three result areas were identified for this Youth Enterprise Program and Business Plan Competition:

- 1) Number of Youth Business Plan Winners
- 2) Number of youth-led businesses participating in SAP
- 3) Number of youth-led successful / operational businesses initiated thanks to SAP

The project did not start immediately in Year 1 as the SAP team had to first organize training in order for the applicants to acquire an entrepreneurship background. The training activities for vocational schools have been heavily assisted by the *Junior Achievement Initiative*, an NGO, in 2009 and 2010. In the first year of training there were 500 participants and in the second year 900. The most active agricultural schools have been in Backa Topola, Futog, Beograd (Palilula), Aleksinac, “Josif Pancić” in Surdulica and the dairy school “Dr.Obren Pejic” in Pirot.

The university classes were offered in Belgrade, Cacak and Novi Sad. Students were required to formulate agribusiness plans for the production or processing of vegetables, fruits, mushrooms, herbs, dairy products or meat products (excluding fish and poultry). Partners in this activity were the Schools of Agriculture at the University of Belgrade, Novi Sad and Cacak, the Krusevac Small- and Medium Enterprise (SME) Agency, the Economic Institute, Junior Achievement Serbia, and the Creation of Enterprises by Formation of Entrepreneurs (CEFE) Serbia. Another event worthwhile mentioning was the AgBiz Trade Fair in Serbia, which took place in Belgrade in a popular shopping mall in April 2011. The event was aimed at secondary school students (aged 15-

19) running student companies and producing agricultural products and services, which have in fact been successfully sold at this event.

1. Number of Youth Business Plan Winners

The first round of Business Plan Competitions took place in the period May 2008 - April 2009 (Year 2) and thereafter following the first training round. In the period June 2009 - April 2010 (Year 3), SAP, in co-operation with Junior Achievement Serbia, organized the second round. In Year 4, in August 2011, SAP launched the third round of its Business Plan Competition, which had high school and agricultural university students competing for the authorship of the best agribusiness plan, with the 20 best business plans being awarded up to \$15,000 each. Students who completed the SAP's Business Entrepreneurship Training program earlier in the summer of 2011 could compete in the contest. This resulted in 7 winners receiving awards starting in Year 2 although some grants were not in fact disbursed until 2009 due to the time-consuming process for reviewing and selecting the winners (which involved the Sector Leads as well as Marketing and Environmental specialists) and procurement procedures.

It is understandable that no results were achieved in Year 1, as there was simply insufficient time for a complete competition to take place. As a result, the three rounds of competition do not exactly correspond to the project years. However, in Year 2 and Year 3, the project reached around two thirds of the agreed plan and, therefore, this result was just partly achieved. One of the main reasons for this is that although SAP invited agricultural high-school students who attended the training programs and had been active in the municipal Youth Offices, as well as university students from all three nation-wide agricultural faculties, the competition did not receive enough competent agribusiness ideas acceptable for funding.

Based on the experience from the first two competitions, the project is now putting more effort into preparing students for entrepreneurship in agribusiness in general, which will eventually also result in having better candidates for the competition. The activities of the Junior Achievement Program for the agriculture high-schools have been adapted and SAP has created an extra curricula (business training program) for university students, which was delivered by three different service providers.

During August 2011, the service providers and Junior Achievement team continued with individual consultations for students whose business ideas included production and/or processing of fresh and processed vegetables, tree and berry fruits, meat products, dairy products, forest fruits, herbs and mushrooms. The purpose was to help them finalize their business plans and apply for the 3rd round of the competition (closing date 31 August 2011). Due to these efforts, the SAP team believes this will result in at least 20 prosperous youth-led agribusinesses ideas being supported.

2. Number of youth-led businesses participating in SAP

Here the project experienced limited success, with only 20% of the planned youth-led businesses participating in SAP, i.e. they received training to improve their skills and knowledge of new technologies and SAP's assistance to get in touch with potential business partners. In general, the "youth-led businesses" representatives were eager to attend and take part in every possible technical assistance on offer, mainly as they had no other opportunity to attend similar trainings/ presentations. After their regular high-school or university programs there were no additional training sessions or workshops open to them. Furthermore, Serbia has no agriculture extension service in place. On the other hand, it is more than apparent that there are not many serious and/or promising youth-led businesses around, although apparently there is a potential for them.

3. Number of youth-led successful / operational businesses initiated thanks to SAP

Here, too, progress has been limited with only a quarter of anticipated youth-led business started. However, the arguments brought forward under point (1) are valid here as well, as it takes a while to initiate a business, even after winning the grant to do so.

Conclusions

Despite the launch of the third Youth Enterprise Program and Business Plan Competition in August 2011, agricultural students, and students in general, remain insufficiently motivated to start a business of their own.

This is not only because of limited entrepreneurial spirit and lack of good business ideas but also because the registration of a new business necessitates that the student pay higher university fees. This anomaly does not advance the cause of improving the enabling business environment in Serbia and should be re-examined by the necessary authorities if students in particular are to be motivated to become aspiring entrepreneurs. For example, this restriction could be lifted by requiring students who do start their own business to pay higher education fees only after their businesses reach a certain level of profit after taxes.

As demonstrated earlier with regard to ABDS providers, it is hard to establish an agribusiness in Serbia and this is even more relevant for young people. However, it seems evident that if the migration of young people away from rural areas is to be reversed, action needs to be taken sooner than later in raising the awareness of young people regarding business opportunities available to them in the agribusiness sector. A case in point in support of this argument is Sjenica municipality on the Pester Plateau, which had a population of 60,000 in 1990 but only 35,000 today. To avoid this rural brain drain, more emphasis should be put into income generating activities in rural, and often remote, areas. In cases where there have not been enough Business Plan Competition winners due to the poor quality of agribusiness proposals, it would be more productive to increase training activities rather than lower the criteria for awarding business plan winners. It may also be worthwhile for SAP to consider selecting some of those entrants who did not quite step up to the mark and offer assistance to raise the standard of the business plan to an acceptable level and possible grant support.

4.1.4 Increase Value Chain and/or Cluster Competitiveness

Background

In the SOW from 2007 there is no objective mentioned that would directly correspond to this one: Increase Value Chain and/or Cluster Competitiveness. However, indirectly, the issue of Investment Incentive Grants reflects the original intention of the project such as to increase the efficiency and competitiveness of Serbian agribusiness enterprises all along the value chain in high potential sectors and sub-sectors. These grants are intended to provide a resource to overcome critical constraints in a sector, sub-sector or enterprise cluster or to act as seed money for strategic purposes.

Therefore, Investment Incentive Grants are intended to complement technical assistance and education and may include such things as machinery and equipment, construction and/or rehabilitation of packing plants and cold storage units, irrigation systems, green house technology, or other items or services that have the ability to significantly advance a sector, sub-sector, or enterprise cluster from one stage of competitive development to another.

Apart from the larger farms, mainly in the Vojvodina, Serbian farmers still often follow traditional patterns and use outdated technology. Training and advisory services are one way to overcome these deficits but new production techniques also need to be introduced. The implementation of new technology to agriculture and agribusiness can be substantially speeded up by Investment Incentives Grants.

Apart from new technologies the value-chain assessments at the beginning of the project revealed that one of the major weaknesses among Serbian agribusinesses was the lack of accepted international food safety and quality certifications, for example GlobalGAP, ISO 14001 and ISO 22000. Under the objective to increase value chain and/or cluster competitiveness, SAP decided to support the certification process with Investment Incentives Grants.

SAP's Performance

The project identified two result areas how to measure the Increase of the Value Chain and/or Cluster Competitiveness:

- 1) Number of farmers and firms accessing new technologies that enhance productivity, production, and quality *with the support of Investment Incentives Grants*⁵

⁵ See 6.1.1 below for further details on the disbursements of Investment Incentive Grants

- 2) Number of international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, Organic, etc.) introduced to and/or adopted by agribusinesses thanks to SAP. Each certificate is improving the Serbian agribusiness competitiveness or the cluster competitiveness as it shows to international buyers that the companies are working according to standards, which are a prerequisite for export and correspond fully to international agreement.

Result 1: The project was unable to achieve the foreseen targets; in Year 1 no beneficiaries received a grant. In Year 2, around 20 beneficiaries received from SAP Investment Incentive Grants a total value of \$128,408, which is around \$6,500 per beneficiary. The introduced new technologies included: new packaging technology; drier using both solar and electrical energy; new products for plant protection and nutrition; sorting machine; American concept for growing blueberries; new organic raspberry breeds Polka and Tulameen; berry production in green house; new vacuum device for energy saving; and new tablet machine for products based on herbs. Among others, beneficiaries have been the companies “Bilje Borca,” a processor of medicinal and aromatic herbs, “Strela,” a mushroom exporter, and “Desing,” a tree and berry fruit sector company. In Year 3, the project made no further progress. On analysis, it would appear that the non-achievement of goals is based on arithmetic. If 500 beneficiaries were to receive an investment incentive grant of around \$6,500 each, then the project would have needed \$3.25 million only for the introduction of new technologies. This amount would have significantly exceeded the available budget. The conclusion to be drawn is that the project recognized this anomaly and did not seriously pursue the activity. Furthermore, the Evaluation Team was informed that the project had “to develop a grants scheme to support the introduction of new technologies, but never received USAID concurrence to proceed. The Mission was reluctant to approve grants that would be used for the purchase of equipment, as this might be seen by the Serbian public as a continuation of the CRDA program.”

Result 2: This took into consideration the number of issued international food-safety, quality and environmentally friendly certificates. However, targets were never established by the project for this activity so measurement of performance against plan cannot be determined.

Conclusions

This particular SAP initiative has not yielded satisfactory results although it can be argued that the project has tried to introduce new technologies by making these Investment Incentives Grants available. However, many different technologies have been introduced and even if some of them might have benefited more than one beneficiary, it would appear that there was no real technology focus. Furthermore, the SAP team realized that the targets were highly unrealistic and mentioned that they planned to revisit this indicator and propose new targets to the USAID Mission. At the time of the evaluation no such proposal was available for scrutiny.

4.2 Qualitative Evaluation

This section further elaborates on information and data that has been acquired for quantitative analysis through interviews and discussions with key players in Serbia with an interest in regulatory reform either directly (including other donor programs) or indirectly (including intended SAP beneficiaries such as businesses and industry associations).

4.2.1 General Perception of SAP

All of the stakeholders interviewed by the Evaluation Team agreed that SAP played an integral part in contributing towards the development of the agricultural landscape in Serbia. Most interviewees expressed their appreciation of the project’s contribution to their particular fields of interest. Some activities have already been implemented whilst others remain in progress awaiting further inputs or action in anticipation of further assistance from SAP. See Table 3 in Annex G, which highlights specific details of the types of assistance provided to some of the project’s main beneficiaries.

4.2.2 Review of Individual and Collective Observations

See Annex G for a summary of some of the comments and observations, which were gathered from discussions with key players connected with increase efficiency and competitiveness in Serbia

4.3 Findings and Observations

1. Taking as an example the dairy sector, it would have been feasible to establish milk collection centers in various remote villages in the form of a PO with their own lacto-freezers. Such a PO could be in the position to offer high quality milk in economically relevant volumes. After the successful set-up of such a milk PO, the members would have to decide with which dairy company to sign a delivery contract for possibly one year. Due to the POs' milk volume they would be in the position to negotiate a good price and the partner / the dairy plant would have the advantage of buying large volumes of milk every day at one place and thus significantly reduce its logistical costs.

Dynamic dairies like LAZAR (65,000 liter daily) are setting up such a system on their own and leaving the milk farmers no chance to sell their milk to somebody else, as LAZAR owns the lacto-freezers in the collection points. There is always a conflict potential between partners – many milk farmers against few milk processors - but there could be win-win-situations. As the project did not wish to aggravate the dairy plants, it simply gave up supporting the farmers who should - it could be argued - be at least equal partners in such an agribusiness development project. The SAP team informed the evaluators that the project “was never able to provide grants for the purchase of equipment.” Therefore, it may be worthwhile for the project to consider setting up such a village-based collection center and assist it with advice and partially equipment.

2. Providing agribusiness or business services is clearly not an easy task in Serbia. On one hand, there are still many governmental institutions offering technical, scientific advice for free and on the other hand, there are service providers who concentrate their efforts on trying to work for international donors due to the expectation of higher financial rewards. The SAP database shows 118 ABDS providers; 29 of them are governmental. According to the grants list, the following ABDS providers received substantial financing to do training, workshops and others for SAP clients:
 - Agrar Kontakt, Belgrade, received around \$ 93,000 to do two training programs; a) Beef Quality Assurance and Farm Management Training Program; and b) National Training for Livestock Sector Stakeholders
 - Taurus, Vrsac, arranged “Training for Dairy Farms” and received therefore around \$46,000
 - Agopress, Belgrade, provided training for “Women Entrepreneurship” and invoiced SAP for \$40,000
 - Halal Agency of Serbia, Belgrade, provided “Halal Market Promotion and Education” for around \$33,000
 - Arilje Agriculture Innovation Center received two grants for a total of \$29,760 to enable a lab accreditation and to arrange a Training and Advisory Assistance Program for blueberry growers' producer organizations.

Worthwhile mentioning here is that services provided to SAP have been financed through different channels. Whereas the ABDS providers like Agrar Kontakt and Taurus have been financed through grants, other heavily involved experts like Prof. Mihailo Nikolic, Fruit Production Department, School of Agriculture, Belgrade, expert in raspberries and blackberries, do not show up under grants and neither in the SAP database under service providers. The Evaluation Team sees Prof. Nikolic and/or the university as an ABDS provider and wonders how the provided services have been financed.

Unfortunately, SAP was not successful in establishing new, market driven agribusiness service providers. A more proactive role to convince young experts setting up new consultancies would have been feasible. A suggestion would be to make a leaflet for new start-up ABDS describing the exact definition of available support through SAP team in technical and financial aspects.

3. The impact of this Youth Program might be limited but keeps the door open to promote entrepreneurship among the agricultural high school and university students. The Business Plan Competition is excellent as it trains young people to develop business ideas and to underline these ideas with figures. Therefore, the

grants for the winners of these competitions are an additional incentive and enable the winners to implement their business plan.

However, SAP's administration and procurement rules are too bureaucratic and time consuming as it can sometimes take up to 18 months before the grant winner can implement his/her plan; within this period some parameters might already have changed. One reason for the long procurement time span seems to be that some items may have to be purchased abroad although in some instances it would appear that these same items were available locally. For others, it is clear that a lack of availability in Serbia requires that they be purchased from overseas.

Apart from two senior managers in the project team, all involved persons speak the local language and it seems again to be an avoidable step to require English translation for such small grants. Eventually, all the grant applications up to \$20,000 should be made only in local language.

4. The SOW highlighted this activity under the headline Investment Incentive Grants as follows:

- Producer Organization Grants
- Enterprise Expansion Grants
- Agribusiness Start-up Grants
- Youth Grants

One beneficiary advised the Evaluation Team that he appreciated SAP assistance to obtain various required certificates but added at the same time, that he was sometimes ahead of the SAP support and then goes for the certification on his own. Advanced companies, which are close to certification have usually done their homework and do not need this kind of support.

Focus on more urgent issues such as investment grants or matching grants for smaller companies is needed now. Several companies are aware of this co-financing mechanism within the upcoming IPARD (Instruments for Pre-Accession- Rural Development) program; however, it is not in place yet when the support for investment is most needed.

The revised grant manual indicates: "Investment Incentive Grants would normally complement technical assistance and education, and may include such things as machinery and equipment, construction and/or rehabilitation of packing plants and cold storage units, irrigation systems, green house technology, or other items or services that have the ability to significantly advance a sector, sub-sector, or enterprise cluster from one stage of competitive development to another. Investment Incentive Grants shall target producer organizations, ABDS providers and private enterprises."

Possibly, the SAP's grant philosophy may need to be reconsidered and a strategy to be developed for the final year of the project in order to promote a greater take-up of investment grants in particular as the potential for the future success of the recipients' businesses would be more assured.

Finally, it is not easy to comprehend why ABDS providers actually need investment grants since consulting service providers usually need human resources, transport facilities – especially when dealing with rural clients - and minimal office equipment like a laptop. The situation is slightly different with soil laboratories that might need more expensive equipment.

5.0 EVALUATION OF COMPONENT 2: IMPROVED ENABLING ENVIRONMENT FOR SERBIAN AGRIBUSINESS

5.1 Quantitative Data Evaluation

The analysis in this section reflects the performance of SAP activities in quantitative terms as defined in Annex E: "Annual Breakdown of Results Matrix."

5.1.1 Improve Crop and Livestock Production Estimates and Market Price and Environment Information

Background

The availability of reliable estimates regarding Serbia's annual crop and livestock production, together with the availability and dissemination of accurate market prices, are integral parts of an effective agricultural management information system. Forecasts based on statistical calculations serve as useful reference points for buyers and sellers alike whether these are large-scale enterprises or individuals. Trends can be tracked and anticipated facilitating informed decision-making and planning. Such information can also be used to analyze the potential impact of policy reform options. With this in mind, the SAP was tasked with providing ongoing support to developments in this area over the lifetime of the project particularly with the Ministry of Agriculture, agricultural institutes and extension centers. Some of the main planned interventions were to include:

- Updating and improving the methodologies for annual crop and livestock production estimates and market prices
- Supporting annual surveys of crop and livestock production
- Improving estimates of agriculture sector GDP and exports
- Training farmers and entrepreneurs on how to make use of crop and livestock production and market price information
- Helping incorporate the expanded use of Information and Communications Technology (ICT) for information collection, compilation and dissemination

The way in which the project interpreted those tasks was defined in the SAP Year 1 Work Plan and attached PMP, which identified four key result areas that served as performance indicators. These were as follows:

- Reliable crop/livestock production and market price information system operating within the Ministry of Agriculture
- Surveys of SAP's focal sub-sectors implemented in conjunction with MAFWM and FAO support
- Number of producers and firms trained in the use of market information and production data
- Introduction of an operational Environmental Information System (EIS)

Evidence of delivery of those tasks would be recorded in the project's internal database (TAMIS) with regard to the surveys and training programs, and annual or semi-annual client satisfaction surveys designed and implemented by the relevant project team members. The Evaluation Team did not have direct access to TAMIS or the client satisfaction surveys but information was made available on request.

SAP's Performance

The first major goal that the project set itself within this key result area was to collaborate with the MAFWM to improve and strengthen the Serbian System of Market Information in Agriculture (STIPS). Assistance would be provided to expand the number of commodities for which market prices are collected, creation of a more "user friendly system," and raising awareness of the system and the analytics behind the information available to ensure better decision making by agricultural producers.

Actual collaboration with the MAFWM started in Year 2 with the project contributing to the strengthening of STIPS via more consistent data collection methodologies and an expansion of the type of data collected (in-country supply and demand balances per commodities, international trade data and data on external reference prices). In Year 3, activities regarding STIPS expanded into two main components:

1. "Market analysis, utilization of information from STIPS and basics of marketing" encompassing interactive seminars and workshops for farmers in 18 reporting centers for STIPS (during the period May 2009 to February 2010)
2. The improvement of software of the agriculture market information system

By the end of Year 3 it was evident that the project had successfully managed to exceed its original target (150) for the cumulative number of firms and producer organizations that received training (565) in the use of STIPS, the basics of marketing and market analysis. According to the web-based client satisfaction survey created by

the Ministry of Agriculture, the average score for the system in Year 3 was 3.76, on a scale of 1 to 5, which was an improvement over the average score of 3.38 in Year 2.

According to the latest SAP Quarterly Report⁶ reviewed by the Evaluation Team, all STIPS related activities had been accomplished and no further interventions were anticipated for the remainder of the project. With all parties concerned seemingly satisfied with SAP's contribution, it is safe to conclude that this particular component achieved its intended results.

In addition to STIPS, the project continued with the publication of various survey reports aimed at providing up-to-date information on targeted agricultural sub-sectors. Reference is made to a number of surveys conducted in Year 1 and recorded in the Year 2 and Year 3 Results vs. Performance Indicator Excel sheets, some of which are available on the project's or Ministry of Agriculture websites, or other partner institutions that took part in the preparation of these documents.

In Year 2 the following reports were published:

- Study on the Serbian Cold Chain
- Study on the Impact of the Global Economic Crisis on Serbian Agribusiness
- Viticulture Sector Assessment

In Year 3 a further three reports were published:

- Report on the Quality of Soil in the Republic of Serbia
- Vegetable Sector Analysis for Timok Region
- Study on the Impact of Tariff Liberalization on Agriculture of Serbia (SAA, WTO, FTAs with Turkey and Belarus)

Individually and collectively, these reports address specific industry-related issues providing in-depth market intelligence on matters either not investigated previously or not so thoroughly.

A final objective within this component was the introduction of an operational Environmental Information System (EIS) the performance of which was to be measured by SAP via a client satisfaction survey once the system was up and running. The background to this initiative was that The Environmental Protection Agency of Republic of Serbia, registered as the National Reference Center for Agriculture by the European Environment Agency, had earlier established an EIS to collect, assess and analyze environmentally-related data at national and regional levels. However, due to the fallout from the 2008 financial crisis, further development of the system was apparently stopped and in fact has not been completed to date. The project therefore has no further role to play in this matter unless and/or until the said upgrading of the EIS actually takes place.

Conclusions

In purely quantitative terms, most of the measureable performance parameters within this specific objective have either been met or exceeded, with the exception of the EIS planned initiative, which apparently remains on hold. Efforts to strengthen STIPS have been activated and representatives from interested parties trained in its use. In addition, a number of useful surveys have been published, increasing the level of knowledge regarding specific issues and sectors now in the public domain. In short, this area of activity appears to have accomplished what it set out to do and thus no further commentary is needed. However, to what extent these accomplishments have had an overall impact on the business enabling environment in Serbia is more difficult to determine and not possible without due regard to what the intended beneficiaries of these developments make of them – (See Section 5.2 below for further details.)

5.1.2 Promote Legal, Policy and Regulatory Reform

Background

The original intention of this objective was for SAP to support legal, policy and regulatory reform efforts that

⁶ Year 4 – 3rd Quarterly Report

would directly have an impact on agribusiness competitiveness in Serbia. The means to achieving this would be for SAP to work closely with local counterparts such as cooperatives and business/industry associations in order to facilitate desired policies and procedures. The project was also specifically tasked with helping bring about a Bonded Warehouse/Warehouse Receipts system to increase financial liquidity in the cereal crop market. Additional activities would include: 1) carrying out studies and analyses to inform the policy reform process; 2) providing training to public and private sector employees in support of legal, policy and regulatory reforms; and 3) addressing legal, regulatory and other barriers to SME access to credit.

According to SAP's original and subsequent Work Plans and PMPs, the determining performance indicators for this objective were as follows:

- Number of strategy papers prepared on policy related issues as a result of SAP activities (targets set annually)
- Number of policy reforms implemented as a result of SAP (targets set annually)

The methodology employed to financially support this objective entailed the establishment of an Enabling Grants Program specifically aimed at supporting private/public collaboration and dialogue, with grant funds being made available to support non-profit and for-profit NGOs involved in service provision, carrying out baseline studies and surveys, and facilitating consultations with the private sector on proposed policy and regulatory changes. In fact, whilst such a program was initially developed, it was removed from the project's list of activities under Component 2 by the March 2010 USAID Amendment to the original project SOW, and is therefore not discussed further here other than to record those facts.

SAP's Performance

Initial targets were established for the two objectives within this particular activity, which have remained unchanged to date.

Strategy Papers

An aggregate total of 11 strategy papers were planned for the first three years of the project and these have been exceeded by an additional 7 by the end of 2010. In Year 1, papers produced covered topics such as the business environment in Serbia from a regional perspective, certificates of origin for export products and a sector specific paper on herbs, mushrooms and spices. Year 2 produced a raft of papers encompassing a diverse range of topics such as Statute of the Indemnity Fund; related policy documents to the Warehouse Receipts Law (WHR) – (comments on the law, annual work plan for the establishment of the WHR system and sample regulations); analysis of 15 agricultural laws and proposals for implementation of regulations governing utilization of plants under controlled use and introducing subsidies for commercial growing of medicinal, aromatic and spice herbs. Year 3 produced further policy documents related to the WHR Law – (brochures on Licensed Warehouses, Storage of Yields, System of Public Warehouses) – a “Guidebook on the Integration of Serbia to the EU and CAP,”⁷, “Status of the accession of the Republic of Serbia to the World Trade Organization: Agricultural Issues” and STIPS related policy documents such as “Marketing and Promotion of Agricultural Products.” A promotional video entitled “Business Potential in Serbian Agriculture.” In addition to these publications, a number of policy-related initiatives have been undertaken in Year 4 according to the periodic Quarterly Reports for that year and some of these are worth noting here for reference and evidence that this activity remains ongoing. For example, in the 3rd quarter of 2011, SAP organized three national conferences on the following subjects:

- **“Serbian Berry Fruit Industry – a Time for Change”** organized in cooperation with the Serbian Chamber of Commerce, and the Coldstores Association of Serbia, in May
- **“National Conference on Organic Production in Serbia”** organized by the association Serbia Organica, with support from the Agribusiness Project in May

⁷ CAP – Common Agricultural Policy

- **“Impact of Weather Conditions on Agriculture of Serbia and Modalities of Anti-Hail Protection”** organized in cooperation with the Serbian Chamber of Commerce in June

The project team also took part in the National Warehouse Receipts conference organized by the Indemnity Fund in May, in Novi Sad. The conference was dedicated to the results achieved via the implementation of the “Law on Public Warehouses for Agricultural Products,” electronic issuing and record keeping for warehouse receipts, and key aspects of future expansion of the system. Finally, as indicated in the project’s 3rd Quarterly Report of Year 4, SAP also successfully completed the one-year grant program **“Healthy Economy – Promotion of the Warehouse Receipts System”** that was implemented by the agency Head Made, which supported the efforts of the Indemnity Fund to further strengthen the warehouse receipts system in Serbia. The last milestone of the grant program was the setting up of the communications (call) center as one of the basic models of communication with the target group through a free phone information service, and a high quality and measurable communication channel.

Policy Reforms

A target of one policy reform per year was established at the start of the project and this has also remained the main performance indicator since then. The most significant achievement of the project in this area was the introduction of the “Law on Public Warehouses for Agriculture Products” adopted by the Serbian Government on 11 September, 2008. The following year, the “Law on Protection of Plant Breeder’s Rights (UPOV)” was adopted together with the “Official Decision of the Plant Protection Administration on the scheme for acceptance of berry fruit planting material originating from the UK.” Further to the policy reforms implemented in Year 3, the project assisted with the preparation of the publication *“Introduction of IT Technologies in Risk Analysis and Management System (facilitating implementation of the Food Safety Law).”* Essentially, it can be argued that the project met and exceeded its targets for policy reform which, given the rather lengthy period of time normally required to influence a change or introduce new legislation (in any country), is a significant achievement.

Conclusions

In summary, there appears little doubt that SAP has successfully identified a number of key areas of necessary policy reform in the agriculture and agribusiness sectors, particularly with regard to the warehousing of agricultural produce (specifically referred to in the project’s original SOW), and is, therefore, entitled to take a fair amount of credit for contributing towards the facilitation of the much sought after “Law on Public Warehouse Receipts for Agricultural Products.” This is all the more worthy of note given the rather troublesome start to the project in the first year due to internal human resource difficulties and current uncertainties surrounding the appointment of the new Minister of Agriculture. Nevertheless, the project team’s work in this area has been positive, with one more year still to run in which to make further impact on the promotion of legal, policy and regulatory initiatives for Serbia.

5.2 Qualitative Evaluation

This section further elaborates on information and data that has been acquired for quantitative analysis through interviews and discussions with key players in Serbia with an interest in Serbia’s business enabling environment either directly (including other donor programs) or indirectly (including intended SAP beneficiaries such as businesses, producer organizations and industry associations).

5.2.1 General Perception of SAP

From discussions and interviews with project counterparts, partners, beneficiaries and other concerned parties including industry associations and local enterprises, it was evident that most recipients of SAP assistance (directly or indirectly) held a positive attitude toward USAID’s involvement in the agriculture and agribusiness sectors in Serbia and the project’s efforts to improve the business enabling infrastructure in the country. Most interviewees also accepted the premise that such a project had its limitations and could not support the aspirations of all. This was especially true of the recently renamed *Ministry of Agriculture, Trade, Forestry and Water Management (MATFWM)*, which acknowledged that, to date, it had done a fairly poor job of disseminating the government’s long-term plans for agriculture and agribusiness to the general population and to

those involved in both industry sectors. It was further suggested that more could have been done to provide information and raise awareness of the various initiatives and incentives available to farmers, producer organizations and private businesses, offered by the Ministry.

Reference was also made to the government's ongoing incentives available to farmers since 2006 offering to subsidize 50% of the cost of hail protection covering and up to 40% of the cost insuring crops against failure or damage. This was indeed confirmed by some of those interviewees at the 'coal face' who were unaware of such incentives and even if they had would in all probability have been unable to raise their share of the funds in contribution. Those who had benefitted in some way from SAP's interventions such as technical assistance, hosting joint presentational events, or funding overseas study tours, were certainly grateful for the assistance. However, in several cases it was felt that such supportive measures, whilst necessary, had little overall impact on the sustainability of their respective organizations, which was of some concern to them. Lack of funds to upgrade outdated equipment was often cited as an example of how progress was being restricted, particularly with respect to being able to offer clients services in line with international quality standards and requirements.

Nevertheless, it is widely accepted that SAP has indeed added value to those beneficiaries it has assisted and who have some impact on the business enabling environment regarding agriculture and agribusiness in general. Because of SAP's initiatives, laws have been adopted, stakeholders informed, service providers educated on its use, and progress made on assisting the government gather and disseminate market-related information through its project supported STIPS initiative.

5.2.2 Review of Individual and Collective Observations

See Annex H for a summary of some of the comments and observations, which were gathered from discussions with key players connected with the business enabling environment in Serbia.

5.3 Findings and Observations

Issues related to improving the business enabling environment in Serbia for the agriculture and agribusiness sectors, in particular, raise a number of important matters, all of which have, or could have, an impact on how the future might look for those directly (or indirectly) involved in food production, from raw material to end product. What is clear is that without meaningful and up-to-date information on levels of demand, market prices, and trends, effective decision-making becomes problematic, the ramifications of which can be grim, especially for small farmers. Accordingly, accurate forecasting becomes even more necessary and access to the above-mentioned information, vital. In this respect, SAP has worked closely with MAFWM and has added value to the process through assisting in the upgrading of STIPS and training of those who most need to use it. Whilst SAP has also commissioned a number of related survey papers, the extent of their readership accessibility by interested parties is unclear. From a policy perspective, SAP has played an integral part in influencing the adoption of the Law on Public Warehouses for Agriculture Products, which also established the Indemnity Fund for the Republic of Serbia. These are relatively recent events. Therefore, is too early to offer comments on their true impact on the business-enabling environment in Serbia, although the absence of both would not have advanced Serbia's cause in moving to the next level in the country's progress towards EU integration.

6.0 EVALUATION OF COMPONENT 3: ESTABLISH AND MANAGE USAID AGRIBUSINESS PROJECT GRANTS PROGRAM

6.1 Quantitative Data Evaluation

Activities related to the various grants schemes implemented by SAP since the project's inceptions are defined in quantitative terms in Annex E attached. The original budget allocation for grants was \$5.2m reduced in March 2009 to \$3.0m⁸ with the differential \$2.2m re-allocated to "Project Activities," to fund training programs, trade fairs, seminars, studies and workshops with the purpose of enhancing the delivery of public goods, which

⁸ The £3.0m is to be used only for the cost-share reimbursable investment incentive grants, capacity building grants and youth enterprise grants.

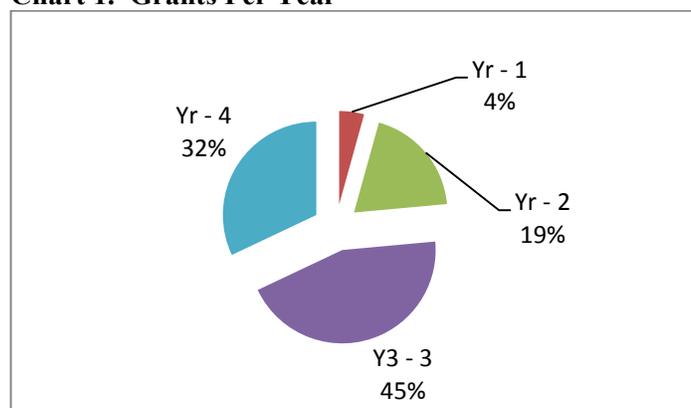
used to be envisioned as “enabling grants.” The analysis, observations and conclusions below aim to track the movement of the funds within the various categories of grants available mainly from data extracted from SAP’s internal records in the form of Excel sheets. With the exception of Youth Enterprise Grants, all the others have pre-determined performance targets in terms of number of grants to be disbursed together with their respective dollar values. In addition to these grants, the SAP, with USAID approval in May 2010, decided to set aside \$300,000⁹ to implement a grant program aimed at supporting women entrepreneurship in rural areas. This program had two components:

- 1) Training program to facilitate women entrepreneurship in agribusiness
- 2) Start-up grants for women participating in the training program

The program was structured to offer up to 5 grants to Serbian NGOs to design and implant the training program. Upon completion of the training program, the SAP planned to award 10 start-up grants for the best business plans developed during the training program by participating women. Each start-up grant award would not exceed \$15,000. Following a public call in June 2010 for training agencies to deliver the training programs as part of the first phase of the initiative, five were finally selected.¹⁰ Details of their activities are described in SAP’s “Status of Approved Grants” Excel sheet, dated 28 June 2011, under the Investment Grants category. In terms of up-to-date information on grant disbursements to potential women training participants who applied for start-up grants, the latest data available to the Evaluation Team indicates that 23 of them were being considered for such grants up to a maximum of \$15,000. As this is a fairly new initiative, and with no further details available for review at the time of writing, it is not treated as a separate section below.

The following charts provide a graphic profile in percentage terms of when the grants were made and for which categories. They include both the project’s commitments as well as the cost share to be assumed by the client. A more in-depth analysis follows in the relevant grant categories in which the performance of each, together with their respective result implications, are commented upon. The administration of the Grants Program incorporating the various categories of grant would be in accordance with the terms of the USAID Standard Provisions applicable to Non-US Non-Governmental Recipients and defined in a Grants Manual that was prepared by SAP. On 19 March, 2009, this Grants Manual was approved by USAID. Annual updates would follow to take account of prevailing circumstances pertaining to the program.

Chart 1. Grants Per Year

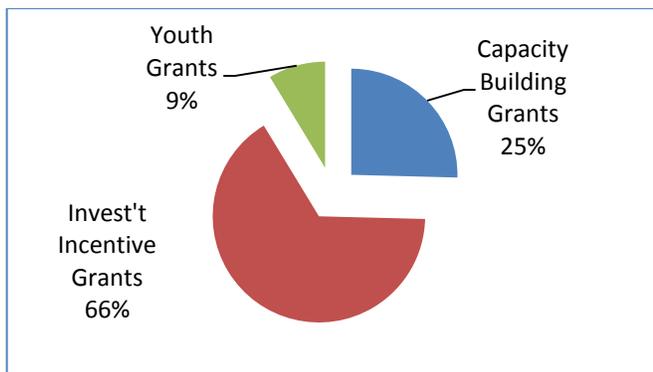


Year	Project Share	Cost share
Year 1	\$100,325	\$68,495
Year 2	\$448,848	\$362,494
Year 3	\$1,035,689	\$892,293
Year 4	\$747,141	\$626,655
Total	\$2,332,003	\$1,949,937

Chart 2. Grants Per Category

⁹ According to SAP’s 3rd Quarterly Report in Year 4 the amount available for grants to women entrepreneurs was \$150,000

¹⁰ 1. Association of Business Women from Nis 2. Economics Institute of Lescovac and Vranje 3. XAO Solutions - Sabac, Valjevo and Uzice 4.Center for Entrepreneurship, Kragujevac – Kragujevac, Kraljevo and Cacak. 5. Be Your Own Boss – Zajecar, Bor and Pirot.



Category	Project Share	Cost share
Capacity Building	\$592,401	\$212,386
Investment Incentive	\$1,537,024	\$1,703,731
Youth	\$202,578	\$33,820
Total¹¹	\$2,332,003	\$1,949,937

6.1.1 Implement Investment Incentive Grants Program

Background

The primary aim of the Investment Incentive Grants Program as envisioned in the original SOW for the project was “to provide assistance that is incidental to and in support of the core objectives of the SNAgA (SAP). Grants will be made to increase the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in high potential sector, sub-sectors and help these enterprises take advantage of emerging opportunities in domestic, regional and international markets.” Although this category of grant includes Youth Enterprise Grants, the Evaluation Team has elected to highlight it separately, largely to demonstrate what impact, if any, these grants had as a cross-cutting issue – (see Section 6.1.4 below for further details). Three other categories of award were introduced:

1. *Producer Organization Grants* - mainly focusing on large-scale productive investments by cooperatives or associations involved in agricultural processing and storage. Organizations has to be formally registered and eligible for a maximum grant of \$100,000 or 35% of the total investment required
2. *Enterprise Expansion Grants*- aimed at leveraging resources to expand the operations of existing agribusiness firms. For them grants could not exceed \$70,000 or more than 45% of the total required investment
3. *Agribusiness Start-up Grants* – focusing on encouraging aspiring entrepreneurs with innovative ideas. Businesses would need to be officially registered. Grants of up to \$40,000 could be available or finance of up to 60% of the total investment envisioned

In real terms, the grants could be used for machinery and equipment, construction and/or rehabilitation of packing plants or cold storage units, ICT etc. Whilst a full list of grantees within the above-mentioned categories is recorded in SAP’s “Status of Approved Grants” Excel sheets dated 28 June, 2011, they are not separated into those specific above-mentioned categories with any recognizable identification codes to extract which grantee belongs to which category, or for which purpose the various types of grants were used.

SAP’s Performance

Essentially, SAP was tasked with developing the overall concept of the Investment Incentive Grants Program and ensuring that all the relevant details and information regarding the rules of engagement were outlined in a Grants Manual, which would establish the guidelines for the program’s implementation including eligibility and selection criteria, application procedures, and award processes. From the information available from this Grants Manual, it appears that of the \$2.33m grants obligated for all categories to date, the Investment Incentive Grants commitment of \$1.54m accounted for 66% of the total. Annual targets established for Investment Incentive Grants started at 20 in 2008, with a dollar value of \$300K, reaching 45 in 2011, with a dollar value of \$500K (reduced from \$800K in Year 2 PMP). The Evaluation Team was unable to determine how or why these figures were set other than to observe that the average amount forecasted to be disbursed slowly diminishes from \$20,000 per grant in 2008 to \$11,000 in 2011. In terms of the project meeting those targets for the period in

¹¹ There were no disbursements in thre first year so these figures refer to the amount disbursed between Years 1-4

question, results have been mixed.

Following is a summary of indicator results:

Year	Target	Amount Disbursed	Average Grant	Nr. of Recipients
2011	\$ 500,000	\$ 626,000	\$ 21,500	29
2010	\$ 600,000	\$ 782,000	\$ 8,333	72
2009	\$ 700,000	\$ 128,000	\$ 6,400	20

These statistics demonstrate only that some targets were met and others not (even with respect to the revision of all original targets.). A review of the main SAP records of these disbursements indicates that of the total of 121 Investment Incentive Grants disbursed between 2009 and 2011, 53 went to private companies for issues mainly related to international quality standards such as introductions to ISO 22000 and GlobalGAP. The remainder of the recipients were also private enterprises, with the exception of 7 agribusiness-related associations and the 5 service providers mentioned above, contracted to deliver the training for the Grants to Facilitate Women Entrepreneurs in Agribusiness Program¹². Much of the assistance provided to the private companies was related to the preparation of material for marketing purposes such as promotion and branding.

Conclusions

Approximately \$2.0m has been allocated for Investment Incentive Grants between Years 1-4¹³ with just over \$1.5m disbursed to the various above-mentioned categories of recipients. As indicated in the project's Year 2 Work Plan, Annex 3: Grants Program & Revised Grants Manual Report, emphasis would be on supporting POs, Agribusiness start-ups, and on grants for enterprise expansion. However, the only real reference point for analysis is the Status of Approved Grants Excel Sheet referred to earlier, which does not identify which of the recipients of the grants were indeed start-ups (if any), or whether any of the grants in fact supported enterprise expansion activities. Therefore, it can be concluded that most of the grants contributed to supporting existing businesses. An additional issue worth noting is that in the original DAI/USAID SOW for the project, under the Investment Incentive Grants Program section, the definitions provided regarding the targeted beneficiaries and actions that could be carried out within the scope of each of the grants is vague and largely all-encompassing (other than the financial aspects and implications). Talk of "leveraging resources to expand the operations of existing agribusiness firms and enterprises (including those owned by producer organizations)" is open to wide interpretation, as is the notion of grants that "focus on encouraging and enabling innovative new business start-ups."

6.1.2 Capacity Building Grants for Producer Organizations and ABDS Providers

Background

No specific reference is made to capacity building grants in project documentation until mentioned in Year 2 Work Plan and PMP where they are "designed to support non-profit and for-profit non-governmental producer organizations and ABDS providers to improve their management and operational capacity.....and will target the associations in the project's selected agriculture sub-sectors where there is a strong commitment from the private sector stakeholders." Later, in the same Work Plan's Annex 3: Grants Program and Revised Grants Manual, it is stated that the funds will be used to "support food industry associations and local firms to participate in national and regional trade shows and fairs and study tours (with marketing materials etc.) and....provide qualified agricultural producers and processors registered in Serbia for the necessary training/consulting services and certification for GlobalGAP, ISO14001 and ISO 22000 standards." Here, again, targets were set in quantitative terms for number of grants and their dollar value planned for disbursement.

¹² This initiative did not involve a cost-share contribution from the recipient

¹³ Targets were established for Year 1 but no grants were in fact disbursed so the \$2.0m refers to Years 2-4

SAP's Performance

According to the project's records, as depicted in its Status of Approved Grants Excel sheet of 28 June, 2011, just over \$592K has been disbursed to date for capacity building purposes (although the grant codes still rather confusingly refer to 'EG' – Enabling Grants). In terms of the quantitative targets regarding the number and dollar value of grants disbursed, these have not been achieved in either case. Whilst the Excel sheet provides details on which organizations received a grant, for what purpose, when and the value of the grant, accounting for the total amount of \$592K, the Evaluation Team was unable to find any direct reference to the capacity building grants in SAP's records explaining the figures and the reason for the discrepancy between plan and actual performance throughout the years to date. In the absence of such explanation, no further comment is made on the subject in this report.

Conclusions

Capacity building grants were ultimately to be disbursed within the revised grants budget of \$3.0m aimed at supporting industry associations, ABDS providers and POs. So far, this does not seem to have happened to any great degree. Moreover, without documented reference as to precisely why this is the case, it is not possible to draw any meaningful conclusions from an analytical point of view and is, therefore, not elaborated further here.

6.1.3 Enabling Grants (to support Objectives 2.1 and 2.2)

Background

The original intention of the Enabling Grants was to support implementation of Component 2 to “*improve the enabling environment of Serbian agribusiness.*” It was also to focus on stimulating public/private collaboration in providing essential services, promoting and expanding public/private dialogue, and increasing participation in policy reform. The grants would 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.

In its Year 1 Work Plan, SAP identified three specific categories for grant support:

1. Grants to create and/or build the capacity of targeted food industry associations to provide general benefit services
2. Grants to food industry associations and local chambers of commerce to manage industry wide activities for the direct benefit of their members
3. Grants to organizations to develop and disseminate public goods

In Year 2, the SAP's documentation related to the above enabling grants has disappeared. Instead, under Component 3 – Objective 3.1 – the only reference to grants relates to Investment Incentive Grants, Capacity Building Grants for Producer Organizations and ABDS Providers and Youth Enterprise Grants.

SAP's Performance

Although \$1.8m was initially set aside for Enabling Grants for the original purpose of the grants as defined above, there is no record of any disbursements and no explanation in SAP documentation between Year 1 and Year 2 about the lack of these records. The Evaluation Team is therefore unable to comment further other than to note that from Year 2 onwards the grants program only referred to the three categories of grant mentioned under Component 3 – Objective 3.1.

Conclusions

It is evident that between Year 1 and Year 2 SAP made the decision to remove the Enabling Grants, although there is no clear commentary on the rationale for this in any of the project's documentation. However, the revised Year 2 PMP (October 2008 – September 2009) advises that \$2.2m of the total \$5.2m allocated for all grants for the 5 years of the project was to be reallocated for “Project Activities” and that accordingly, “*the enabling grants will no longer exist within the USAID Agribusiness Project's portfolio.*” Consequently, the assumption that can be drawn is that no progress was being made in the disbursement of enabling grants as

originally intended and that the funds would be more effectively utilized elsewhere, in this case, for training programs, trade fairs seminars and workshops aimed at enhancing delivery of public goods. On closer examination, the purpose of these grants is essentially the same as what was defined originally for the Enabling Grants in terms of supporting advocacy and reform efforts and facilitating public-private partnerships dealing with policy issues.

6.1.4 Implement Incentive Investment Grants Program – (Youth Enterprise Grants)

Background

This particular initiative has been previously addressed in Section 4.1.3 above within a slightly different context. It is dealt with again here as a separate issue within the Investment Incentive Grants Program to highlight performance in quantitative terms since including it under the collective umbrella of Objective 3.1 would not allow for any meaningful analysis of its performance to date. Also, it is dealt with separately in SAP documentation for reference purposes.

Essentially, the Youth Enterprise Program was designed to encourage and promote youth entrepreneurship, mainly among the 15-24 age group, through supporting youth clubs and using informal education approaches to demonstrate the potential rewards associated with starting your own business in the agribusiness sector. Grants would be awarded on a competitive basis following submission of business ideas reflected in business plans that had to be prepared for consideration. Up to \$15,000 would be available and could account for up to 100% of the total required investment.

SAP's Performance

From the evidence available to the Evaluation Team, it appears that few such grants have actually been allocated to date with a total disbursement of just over \$200K. It is not easy to determine why this particular initiative has been not as successful as anticipated but, in all probability, it is due to the lack of acceptable business plan submissions that meet the basic criteria for award.

Conclusions

It is possible to conclude from the above findings that either there was insufficient awareness of the initiative among the target audience to begin with, that interested participants simply did not have promising enough business ideas or that those who were interested did not have the necessary skills to prepare a proper business plan. See Section 8.2 below for suggestions on how to address this.

6.1.5 Implementation of Project Activities

Further to the re-allocation of the \$2.2m from the original \$5.2m grants budget, the Evaluation Team attempted to determine precisely where the re-allocated funds were to be spent as they were re-assigned for a purpose. As no specific reference is made in SAP documentation regarding these expenditures it is worth quoting in full the project's response to our enquiries on the subject as an attempt at clarification:

“The \$2.2M shifted to project activities in the budget realignment was added to the original budget for project activities, and this funding covers the Project's share of costs to implement all of the various types of activities and events that the Project undertakes to achieve the overall goals and objectives within each of the sub-sectors and each of the cross-cutting programs. These activities and events are listed in many different places, including the weekly reports, the quarterly reports (see Annex VI – Events Listing), the annual reports, and the quarterly monitoring plans provided to the Mission to allow them to plan their observation visits to project activities (the lists of actual events for Y4Q3, and planned events for Y4Q4 are attached). Regarding the costs for these activities, DAI does not assign project activity codes to journal entries in the accounting system and as a result we cannot easily prepare a financial report which allocates project activity expenses to individual sectors or cross cutting functions. The financial reports provided to the Mission in the quarterly and annual reports do have a line item which includes project activities, but these expenses are co-mingled with other ODCs (Other Direct Costs).”

In short, the Evaluation Team has no point of reference to determine exactly how the allocated funds will be

spent (were spent) and, as no specific targets were set for such expenditure, is unable to comment on the effectiveness of such expenditure.

6.2 Findings and Observations

The underlying concept regarding the inclusion of a grants program in SAP is sound. The need for grant funding to support the intended different types of beneficiary outlined above is beyond doubt. However, even with a reduced amount of \$3.0m available, accounting for 18% of the total amount allocated to direct costs, results have been somewhat disappointing to date regarding how they were disbursed, to whom they were disbursed, and the extent of the impact on the recipients. From the available evidence, all categories of grant have underperformed to some degree with the original Enabling Grants ultimately being removed from the program because of lack of progress. See Section 8.0 below for some suggestions for the final year of the project regarding grants.

7.0 SUB-SECTOR STRATEGY

7.1 Background

In the original SOW signed between DAI and USAID in September 2007 it was clearly specified that the primary objective of the project was to “*increase the efficiency and competitiveness of Serbian agribusiness enterprises all along the value chain in high potential¹⁴ sub-sectors*”. To accomplish this, the project would seek to identify and assist agribusiness enterprises, such as input suppliers, producers and processors operating in domestic, regional or international markets, to upgrade their business-related skills with a view to helping them become more competitive in their respective markets. Issues that would be addressed, among others, would include assistance in identifying new markets and access to finance. At the same time, it was envisaged that the agribusiness development sector (ABDS) should be assisted to improve the delivery of services it offers agribusiness enterprises. The following analysis tracks how these planned interventions are being implemented by the SAP initiative to date with commentary and suggestions regarding activities that may be considered for inclusion in the final year of the project and/or for consideration in any follow-on USAID technical assistance project in Serbia.

7.2 SAP Implementation

Following the project start-up it was decided that the sub-sectors that would be assisted were: livestock, dairy, vegetables, berry fruits, tree fruits and herbs/spices/mushrooms. As a starting point, it is worth noting their respective rankings in terms of farm gate value (2005) as defined in the SAP Year 1 Work Plan, Annex A - (Sub-Sector Assessments):

- 1) Livestock (meat). Farm gate value of \$1,073 million; employs 178,000 farmers plus 40,000 employees in the processing industry; has an export value of \$9.8 million
- 2) Dairy. Farm gate value of \$635 million; employs 150,000 farmers plus 30,000 employees in the processing industry; has an export value of \$12.2 million
- 3) Vegetables. Farm gate value of \$588 million; employs 200,000 farmers plus 25,000 employees in the processing industry; has an export value of \$5.4 million
- 4) Berry fruits. Farm gate value of \$145 million; employs 70,000 farmers plus 10,000 employees in the processing industry; has an export value of \$184.2 million
- 5) Tree fruits. Farm gate value of \$132 million; employs 160,000 farmers plus 20,000 employees in the processing industry; has an export value of \$2.5 million
- 6) Herbs/spices/mushrooms. Farm gate value of \$18 million; employs 90,000 farmers plus 7,500 employees in the processing industry; has an export value of \$45 million

¹⁴ For clarification purposes ‘high potential’ means having a realistic possibility of increasing sales and employment

7.2.1 Livestock (Meat)

In terms of SAP's involvement in this sector, since the start of the project it is clear that focus has changed several times with regard to an overall strategy. Initially, a long-term strategy was developed aimed at doubling exports and increasing herd size in Serbia by over 100,000 animals. However, following further analysis of the sector, the project decided to focus on cattle farming and finally settled on meat processing. The envisaged means to implementing the strategy was for producers to be supported by producer organizations (POs) in order to achieve economies of scale and through leveraging ABDS providers in the delivery of specific activities aimed at enhancing competitiveness at the farm level, at the producer organization level, and in facilitating market linkages. Over the years, SAP experts conducted a number of studies with respect to livestock. An analysis of the findings of these studies appears to suggest that the project still lacked a clearly defined vision of how to position itself to best support the sector particularly with respect to cattle fattening and slaughterhouse operations. In the meantime, SAP contracted an ABDS provider called Agrar Kontakt to deliver training to farmers in the livestock sector although, by its own admission, the project was unable to determine the impact of this training as indicated in its "Livestock & Dairy Sub-Sectors Project Strategy Review" of November, 2009. By the summer of 2010, following a further (internal) review of the livestock sector by the project team, it was decided to shift focus completely by supporting small and medium size meat processing companies. The Evaluation Team is unclear as to the rationale for such a significant change in direction given the project's earlier acknowledgement that the livestock sector suffered from a lack of available animals (cattle and calves) needed to meet the demands of the processing companies.

The issue arising appears to question the logic of supporting the development and expansion of a few large meat processing businesses with a limited raw material supply at the expense of continuing to support a significantly greater number of farmers in need (approximately 178,000 in Serbia). In apparent support of this line of thought are the comments in a SAP internal expert commissioned report of February 2011, which drew attention to the worrying decrease in livestock production caused largely by the increased costs in animal feed, which many farmers cannot afford. The result of this trend is that meat-processing companies are starting to import livestock in order to keep pace with demand which, in turn, will have a knock-on effect on the entire sector with more farmers probably going out of business. The above-mentioned report offers no specific solution to this dilemma other than the need to strengthen farmers' associations "in order to achieve multiple benefits for the farmers." Possibly adding to a lack of focus for the livestock sector has been the absence, until recently, of a specific project sector lead. SAP intervention appears to have centered on a number of training programs for farmers outsourced to ABDS providers. Impact appears to have been difficult to ascertain as acknowledged in some of SAP's in-house consultant reports.

The main conclusion that can be drawn from this review of SAP's activities related to livestock, from the evidence available, is that this sector has clearly suffered from a lack of direction leading to limited measurable impact resulting from interventions to date. With dwindling livestock supplies, it would seem sensible for the project to revisit the farming community with a view to helping them address the main problems they are encountering on a day-to-day basis. Of course, targeting individual farmers is not realistic, but training via ABDS providers or through the producer organizations in matters of preventative health care, reducing fodder costs and increasing herd sizes would be more likely to achieve some beneficial results. In short, the livestock sector remains in need of continued support at its weakest point, namely, the farmers themselves. In the time remaining for the project, the sector lead must define a specific strategy of SAP support and dovetail planned interventions with other ongoing support initiatives.

7.2.2 Dairy

The SAP dairy strategy initially intended to concentrate on 3 dairies (points of leverage), to use / build local ABDS provider capacity to deliver services and to promote a commercial approach in dairy farming. However, neither the size of the targeted dairy farms nor the size of a small and medium size (SME) dairy was clearly defined, although it is possible to assume that the project considered an SME dairy to be one producing up to 100,000 liters per day. Based on this strategy, dairy sector activities focused on establishing links between dairies and producers using resources from both to improve the value chain. SME dairies are the hub providing linkages between producers and service providers. In other words, three groups – farmers, SME dairies and

ABDS providers – should cooperate to become more successful in the market by consolidating linkages between them, adopting new technologies and services, taking into consideration quality standards and marketing requirements, and by providing training. Finally, export activities should be improved, targeting CEFTA, Russia (through the Serbian dairy companies Sabac, Lazar, Zlatibor, Kuc and Mladost) and USA. In addition, dairy sector activities should be enriched by trade events and study tours.

In the course of implementing its strategy, the project tried (and is still trying) to create a Dairy Association and to prepare a “Dairy Farm Investment Strategy” to attract greater investment for the sector. In addition, SAP contributed towards HACCP being implemented in 15 dairy farms under the umbrella of the Holstein Farmers Association of Serbia. Further actions included implementation of the National Dairy Milk Quality and Farm Management Campaign, conducting a USA dairy awareness study tour, creation of a specialized dairy website and ABDS providers’ network, and introduction of IT support for dairy companies. A further initiative focused on SAP providing additional support to dairy farmers via ABDS service providers where efforts were made to help farmers increase both the quality and quantity of milk production. The intended result of this intervention would be the introduction of a price differentiation system to the market place where dairies would need to pay a premium price for higher quality milk with less bacterial counts (which they were not doing previously). This in turn would result in the dairies themselves being able to produce and market better products - a classical win-win situation for producer and processor.

Over the years, SAP continued with essentially the same strategy. However, in reviewing the available literature produced by the project, there appears to be a lack of reporting on the impact of SAP’s work in the dairy sector. There appear to be few references regarding if and/or how much milk volume increased and in what quality grades. Nevertheless, training was provided to dairy farmers and information made available on the above-mentioned website and in a Dairy Management Guide Book produced for farmers.

To date, dairy plants have profited from SAP through study tours, participation in fairs and certification schemes and through IT and software support. They will also benefit from the upcoming National Dairy Association, once established, whose main role will be to represent the interests of dairy farmers at government level and with trading partners such as supermarkets. However, progress remains slow on this front with little evidence that such an association is imminent. SAP’s argument for this state of affairs is that “the dairy processors have not identified any serious groups of farmers which could act as a real farmer cooperative and provide services to its members; as a result they did not see any interest in using their own resources to create farmer cooperatives and build their capabilities. As a result, SAP appears instead to have concentrated its efforts towards the creation of an industry association to represent the interests of the processors. This argument is open to question as it should not be the task of the dairy processors to create and empower farmer cooperatives, which could then potentially work against the processors, in the sense that they could demand higher prices for their milk. Essentially, it could be argued that it should have been (should be) SAP’s job to help facilitate the creation of an entity with an agenda focusing on improving the lot of its members, namely, the dairy farmers. Whether this issue can be resolved during the last year of the project is open to question given the lack of progress until now. On the other hand, it would seem appropriate for SAP to focus activities on the production side at farm level, improve efficiency of milk farms and organization of farmers. Arguably, development aid should focus on the weakest member in the chain.

7.2.3 Vegetables

According to SAP’s Year 2 Work Plan, the vegetable sub-sector strategy was to increase (export) sales on storable vegetables (onion, carrot, potato, cabbage, parsley), create jobs and enhance ABDS provision. Other milestones for the vegetable sub-sector involved the introduction of Global Gap certification programs, reduction of post-harvest handling and storage losses, strengthening producer groups and ABDS providers. SAP’s “Vegetable Value Chain Assessment” published in June 2008, established the strategic goals for this important sector as follows: a) support root crops and other storable vegetables, such as cabbage, by incorporating existing and new storage facilities as well as production technology and post-harvest handling and storing; b) boost production of high-quality vegetables/high-value perishable crops, such as greenhouse crops or specialty niche crops; and c) foster economic growth for the Serbian vegetable processing industry.

SAP's "Fresh Vegetable Value Chain Commodity Action Plan" published in July 2008 highlighted the importance of large cooperatives as points of leverage; 4 co-ops should have been selected to build clusters around them and get involved to disseminate information on production, plant protection, trends, markets, and prices. In SAP's third Quarterly Report of Year 2, it was mentioned that the manager of an association of vegetable producers from Silbas, Ms. Marijana Pejak, and Mr. Petar Mojzes, the manager of the Agrokooperativa cooperative from Horgos, travelled to the US as participants in the World Learning exchange program for Producer Organization managers.

In SAP's Weekly Report Week of January 7 – 11, 2008, the evaluators learned that Mr. Mojzes was not only the manager of "Agrokooperativa" from Horgos but also a manager of the Center for Agribusiness Development (an NGO) and that he addressed the need for the establishment of a national vegetable producers association. Clearly, this appears to have been a sound initiative based on the premise that such an association could provide a range of much needed services for the sector, which would subsequently attract members willing to pay a membership fee and, thus, contribute towards its future sustainability.

At the start of the project, there was an expectation that donors (other than USAID) and/or cooperatives would build and operate a series of vegetable distribution centers that would be the focus of SAP assistance. To date, these centers have not been built, allowing private investors to enter the market to the detriment of the farmers who now supply these private centers instead of selling directly to supermarkets or foreign buyers. During the past year, four such facilities for the collection, sorting and packing of vegetables into small retail packages have been established.

Trade liberalization is also having an impact on vegetable producers in Serbia not least with the Balkans moving closer towards EU integration. This has resulted/is resulting in increased competition among regional suppliers, which since the summer of 2010 has had a negative effect on the domestic agricultural sector in Serbia, with vegetables being the most affected sub-sector. To address these worrying developments, SAP announced in its Year 4 Work Plan a move towards increased local marketing and the retention of traditional markets by improving product quality and lowering costs. This emphasis on domestic marketing suggests a more pragmatic approach to improving the vegetable sector of the market with its untapped potential for local producers. In addition, according to one of SAP's internal consultant's reports commissioned in 2010, new technologies are now available in post-harvest treatment of vegetables resulting in improved quality and increasing their marketability. In support of this development, SAP assisted in the delivery of technical lectures in Southern Serbia, first, to several participating enterprises but then switching to individual on-site sessions on a bespoke basis.

SAP's Year 4 2nd Quarterly Report advises that a large number of specialized vegetable producer associations in Southern Serbia had recently been set up with the main goal of finding and reaching new markets for their products. This is a positive development and, since the vegetable sector is one that employs the most farmers from all sub-sectors, it is an important one. Therefore, it is recommended that SAP continue with its original sector strategy, for example by strengthening producer groups and by providing individual assistance through farm visits by experts. This down-to earth approach will probably yield greater impact than by simply supporting workshops. In time there is a realistic opportunity for this approach to lead to increases in the production of high-quality vegetables / high-value perishable crops with potentially higher profit margins. It is, however, too early at this stage to assess the extent to which overall sales may increase in the future due to the above mentioned developments and initiatives including SAP interventions or the extent to which jobs may be created.

7.2.4 Berries

Berry fruits have always been important to Serbia's economy although many export markets were lost as a result of the war (1992-1995). Today, Western buyers source low quality berries from Poland while Serbia produces higher quality berries, which demand higher prices. In this sub-sector, SAP's has invested substantial time and funding with respectable results to show for it. The project's strategy was to support companies to be more

successful in the fresh berries export market while also introducing new varieties like cranberries, yellow/black raspberries, and blueberries. SAP was successful in making new varieties more popular and in assisting companies with international standard accreditation such as GlobalGAP, BRC, or IFS. However, as a consequence of the financial crisis of 2008-2009, the demand and local prices for berries dropped. To make matters worse, natural weather conditions in 2009 caused a significant decrease in yields and the quality of the fruit harvested. Moreover, by 2010, global demand had stagnated, and as a result, exports continued to fall, levels of investment in the sector fell and processors began to experience serious debt problems.

Nevertheless, despite these unfavorable circumstances, Serbian producers still managed to export over 50% of the total 2010 blueberry crop to Austria, Germany and Russia, with a total value of \$153,000. In the absence of any meaningful local demand for berries, export-driven initiatives appear to be the only option for the sector although it is always going to be vulnerable to market conditions outside of its control. As many berry farmers are smallholders, this may also be a step too far for some of them as the logistics and dynamics of exporting may be beyond their capabilities. With such few options it is suggested that SAP remain committed in its final year to doing what it can technically and financially for those exporting (or planning to export) fresh berries with their higher yields and potential profit margins.

7.2.5 Tree Fruits

SAP concentrated its strategy on the growing export market for fresh apples and stone fruits (peaches, sweet and sour cherries). Target countries have been Russia and the EU. The export volume for Serbian fruit trees is small i.e. \$2.5 million in 2005. Here, SAP offered support in food safety requirements for access to EU markets. Industry stakeholders have been assisted in implementing required standards, such as product traceability, GlobalGAP and HACCP. SAP also supported the introduction of the SmartFresh technology. As tree fruits are endangered by hail, SAP initiated a study in early 2011 on the impact of weather conditions on agriculture in Serbia and modalities of anti-hail protection with a view to starting a broader discussion about protection investments. Grants have been given to VINO Zupa, Foodland, ZZ Vocko and Foodex. According to SAP's Year 3, 2nd Quarterly Report, their marketing activities resulted in \$1.4 million of additional sales of fresh and processed tree fruit products and creation of up to 60 new jobs. There appears little doubt that SAP's involvement in the tree fruit sub-sector has had a positive impact, particularly with regard to exports and opening the debate on anti-hail measures. Although tree fruits represent a rather small sub-sector, the SAP activities should be continued, especially in selling these fruits to Russia.

7.2.6 Herbs/Spices/Mushrooms

This sub-sector is by far the smallest as herbs/spices/mushrooms have a farm gate value of just \$18 million. However, these products add to farmers' income or enable the only income for rural landless people. During field visits, the evaluators met with small mushroom producers such as Sampi-Co close to Bujanovac and large mushroom processors such as Strela d.o.o. in Leskovac, that are very active in exporting mushrooms, as well as herb-processing companies such as Adonis d.o.o. with a focus on tea, and Bilje Borca in Borca with a focus on tea and other herbs.

SAP's strategy was to assist both companies and producer organizations. Over the years, many companies have been assisted in improving design, packaging, and labeling, and some like Strela, have even been sent to marketing seminars in Oregon, USA. However, the picture with respect to supporting producer organizations is not so clear. The SAP team also established good working relations with the following POs: the herb processors and exporters association "Serbian Flora," the wild mushroom association "Forest Fruits of Serbia," and the herb collectors and growers association "Dr. Jovan Tucatov," which is active in the South-Eastern regions of Serbia.

In May 2011, a local expert was engaged to analyze the situation and met with Dr. Zora Dajic Stevanovic from the Faculty of Agriculture at Belgrade University. She mentioned that "Serbian Flora" put a lot of effort into lobbying but that their expectations were often unrealistic. The Evaluation Team also met with Mr. Radisav Busic, President of the Serbian Flora Association and owner of Bilje Borca Company. However, the ensuing discussions did not serve to enlighten the team's understanding of the role of the association with regard to the

herb market. In one of its reports, SAP comments on how it facilitated the signing of a Memorandum of Understanding between the Chamber of Commerce and the Serbian Flora Association to formalize their relationship. However, in real terms this does not appear to represent a promising example of how to go about strengthening a producer organization.

There are also parallels to other herb and mushroom associations, which applied for grant program assistance to establish them as more efficient national level producers' organizations. Based on this evidence, it appears relatively easy to assist an association become registered and to provide them with funding. Perhaps the focus of SAP intervention here should have been on identifying existing associations, which are business driven with a view to making them more professional instead of creating more donor-driven associations which find no acceptance in the market and therefore unable to attract sufficient fee paying members.

SAP mentioned in its Year 3, 3rd Quarterly Report, that \$115,000 had been given to such associations to conduct broad sector related activities such as addressing policy issues, trade missions, study tours, international and local fairs, international promotion campaigns, market research, publications and training. On the surface this is fine. However, no impact evaluation has been conducted and results might be questionable.

Nevertheless, for the remaining year of the project the strategy should not be changed. Rather the focus should be to assist small successful companies instead of further financially supporting the above mentioned associations. Furthermore, a detailed impact evaluation could be carried out on all supported associations, especially the ones not self-financing by membership fees.

Recommendations

1. According to a recent study conducted by the Ministry of Agriculture in 2010 more than 40% of total agricultural production directly supports the livestock and meat sector and contributes about 32% to Gross Agricultural Production (GAP). Given its importance to the economy of Serbia and with livestock numbers decreasing it is strongly suggested that SAP revisits its strategy for this sub-sector focusing on helping improve the quality of existing production, especially pig meat and beef (domestic market) and young beef and lamb (export markets). Key to improving the competitiveness of the sector is a basic improvement in the quality of meat at farm level providing raw materials for processing. Farmers need to be updated in modern animal husbandry techniques employed on similar smaller and medium sized commercial family enterprises across the EU and SAP should offer practical support to help bring this about.
2. SAP should seek to work with the Ministry of Agriculture to develop a strategy for compliance with EU sanitary and veterinary directives and regulations for meat production especially the process of traceability from primary production and processing through to end consumer. This would be an important contribution because if Serbia joins the EU it will also have to meet the required standards for domestic markets as well as export ones.
3. Given the almost universal acknowledgement of the need for a National Dairy Association to represent the interests of dairy farmers, it is recommended that greater effort be placed on this endeavor by the SAP team. While some of the arguments presented by SAP justifies their lack of progress in making this happen, it is vital that such a body be established sooner than later.
4. Dairy farmers also need technical support regarding how to improve both quantity and quality of milk in order to meet the needs of different customers based on quality. One way for this to happen is for SAP to continue to work with ABDS service providers with knowledge of the industry in educating farmers on technological procedures and processes. This will require the preparation of an action plan to build on progress so far and to ensure that at the end of the project that its intervention in the sub-sector yields meaningful and measureable results.
5. In its 2008 "Vegetable Value Chain Assessment Report," SAP identifies a number of key areas where it could contribute to the growth vegetable sub-sector and help redress Serbia's almost relentless path to

becoming a net importer of fresh vegetables. Chief among its own recommendations was the need to encourage all-year-round production using greenhouses and polyethylene tunnels and use of cold chain storage facilities. This evaluation was not able to determine any great strides forward by SAP in advancing this commendable approach other than a few training workshops. Therefore, it is suggested that, due to its importance, SAP takes a more active and leading role in bringing stakeholders and potential investors together to build on achievements to date.

6. As mentioned above there are a few real opportunities to make significant progress with berries, given the limited demand at home. While margins are higher for exports, most berry farmers are smallholdings with limited opportunity to market themselves more effectively. SAP might therefore only be able to do little other than work with some of the larger berry producers who already have overseas customers with help in improving marketing and distribution. If the project could engineer some of the farmers to pool resources, especially in distribution, to share costs that might be worth pursuing.
7. While SAP's involvement in the anti-hail debate is commendable, the cost of these measures can be prohibitively high according to some tree fruit farmers interviewed during the evaluation mission. SAP might therefore want to explore how smallholdings can access the necessary funds for this, given that the Ministry of Agriculture claims it offers subsidies. These are real and practical issues for those farmers and needs to be addressed in a timely fashion to take account of the approach of seasons.
8. As mentioned above with regard to herbs/spices/mushrooms SAP should continue with its current approach with focus on direct assistance to producers rather than associations.

8.0 STRATEGIC AND OPERATIONAL QUESTIONS TO BE ANSWERED

Q1.	Have sufficient resources (personnel, monetary, management, etc) been allocated in each of the sub-sectors to achieve the targeted results? Has the project properly balanced the cost and benefits of engagement in each sub-sector and across all sub-sectors
	Rather surprisingly the project has never recorded how resources (human or financial) have been allocated across the various sub-sectors and, in fact, has never had any mechanism in place to track this since the start of the project in 2007. Therefore, it is not possible to comment in comparative terms how each sub-sector has performed relative to the others without the benefit of knowing what proportion of the total available budget was allocated to the sub-sectors.
Q2.	Are there any gaps or needs in the six selected sub-sectors that the current project does not address? Should the project consider ending its work in any of the sub-sectors and/or selecting new sub-sectors at this point in the project?
	From the available evidence, it appears that a disproportionate amount of project effort has been directed towards assisting <i>fruits and berries</i> , arguably at the expense of the other sectors, in particular, dairy and livestock. In fact, feedback from direct beneficiaries, industry stakeholders and government sources, appears to support the argument that <i>fruits and berries</i> have been well served over the years with technical assistance and advice, which indeed is still ongoing with the DANIDA funded "Support for the Fruits and Berries in Southern Serbia," and that further support is no longer warranted to the same degree. With this in mind, SAP may well be advised to refocus its sub-sector strategy and allocate resources towards dairy and livestock which, from an economic point of view, may have greater potential for income and job creation if they can become more competitive.
Q3.	Within the limits of the project description, has the project properly addressed unforeseen changes in the environment (such as the economic crisis) and their impact on the Serbian agribusinesses to access new and international markets? Has the project's response to these change been effective?

	<p>Were there any missed opportunities in the project's chosen responses?</p> <p>There is some evidence to suggest that SAP reacted relatively quickly following the world economic crisis that began in 2008. In May 2009, it published, "A study on the Effects of the Global Economic Crisis on Agriculture in Serbia," which focused on offering advice to the GoS on a number of issues aimed at alleviating the effects of world recession. The report recommended improving the dissemination of information to agricultural producers, improving credit facilities, encouraging investment and, in particular, the need to improve donor co-operation to develop joint programs to tackle the effects of the crisis. EU IPARD funding was especially mentioned. In this respect, SAP played a constructive and positive role in raising awareness of the main problems facing agriculture in Serbia.</p>
Q4.	<p>Is the implementing methodology and/or approach still effective in the project achieving the results outlined in the task order? If so, should any future agribusiness program beyond September 2012 employ the same approach? If not, what changes should be considered?</p> <p>This touches on a number of issues already raised in the report. First, it is essential that the level of effort allocated to sub-sector assistance in terms of human resources and finances is regularly and accurately recorded so that comparative analysis can take place regarding ongoing performance in each of the sectors. This will highlight deviations and/or lack of impact, and allow project management to make informed decisions as to how to tackle any anomalies. Second, key indicator targets need to be established from the outset in the SOW and must be based on what is realistically achievable. Third, definitions of indicators must be clearly stated at the beginning of the project so that there is no room for misinterpretation or re-interpretation. Fourth, the level of project reporting should be realistic and closely aligned with informed decision-making, i.e. advanced annual work plans supported by quarterly reports with planned vs. actual PMPs at the end of each year. Fifth, budgets, once established, should remain for the duration unless there is a compelling reason for their re-adjustment. The fact that an activity does not appear to be yielding the required results should not necessarily result in the movement of funds from one area to another and not on the say so of the project itself. Closer scrutiny may be required (as in the case of the grants) to determine if there are fault-lines in the delivery of such a program.</p>
Q5.	<p>Have project results differed based on the type of beneficiary targeted (youth, women, rural, small enterprises, etc.) If so, how much of this difference is attributable to the project's approach rather than the characteristics of the intended beneficiary cohort?</p> <p>There is insufficient data and information available from SAP records regarding the specific target beneficiaries to draw any meaningful conclusions from results in terms of disaggregation. In terms of gender, it was the lack of definitive results that led to the introduction of the Women's Entrepreneur Grants Program, which since its inception has achieved considerable attention in recent months and requests for assistance from aspiring women entrepreneurs. If linked to the lack of success of the Youth Enterprise Grants, it could be argued that some initiatives received more attention than others i.e. SAP assistance to existing businesses rather than the encouragement of new ones, irrespective of gender.</p>
Q6.	<p>How successful has the project been in advocating for key regulatory and legislative changes that have resulted in a more competitive and enabling business environment for agribusiness production and export? Have any Serbian Laws or regulations in support of Serbian agriculture/agribusiness production, changed as a direct result of project activities? What key regulatory and legislative changes still need to be changed?</p> <p>This has been elaborated on in some detail in the text of the report in Sections 5.1.1 and 5.1.2, which highlight the contribution the project has made in this area. Given that the process of changing or introducing legislation can often take years and is subject to any number of internal and external influences, it is to SAP's credit that in less than a year from start-up it managed to contribute towards the process that witnessed the adoption of the Law on Public Warehouses for</p>

	<p>Agricultural Products. The project also contributed significantly towards the upgrading of the government's existing market information system (STIPS) with the primary purpose of making up-to-date information on market prices and trends accessible to farmers and agriculture-related businesses. With the removal of government subsidies for agriculture progress has been made towards creating a level playing field for all those involved. The downside of this is that investment funds for development are more in demand but harder to obtain. Whether the government can introduce further incentives including tax breaks for producers and processors to improve access to finance may be worth pursuing.</p>
<p>Q7</p>	<p>Based on what USAID/Serbia & Montenegro has accomplished through its agriculture and agribusiness programming to date, its current amended strategy, its interest in specifically addressing regional disparities in all of its economic growth programs and the budget constraints the mission is now facing moving forward, what agribusiness activities and sectors should the mission consider supporting after the planned completion of the current Agribusiness Project in September 2012?</p> <p>The contribution of USAID-funded projects in Serbia over the last decade has without doubt been substantial. What appears to be emerging from a number of primary sources is that the <i>dairy and livestock/meat sectors</i> have received less support from donors than <i>fruits and berries</i> although the potential for income and job creation in the former is significantly greater than the latter. Whilst initial investments are higher for the <i>dairy and livestock/meat sectors</i>, profit margins and eventual returns on investment are potentially greater. Geographically, the south and central regions of Serbia, remain economically under-developed with high levels of migration away from rural areas towards the main urban areas. In short, any future USAID interventions may well be advised to explore the possibility of the <i>dairy and livestock/meat sectors</i> but with the provision that assistance is provided to those in the entire value chain link – from farmer, to processor, to end user. Focus should be on both production and productivity as well as <i>on actually how to run a successful business</i> with all the ramifications that entails. Targeted beneficiaries may be less in number but impact could be measured by following through the results of interventions over a more significant period of time rather than one-off interventions.</p>
<p>Q8.</p>	<p>How much of an obstacle to agribusiness expansion into new markets, particularly international markets, is limited access to investment and/or working capital? Lack of collateral and registered property is often identified as main obstacle. As a result, commercial banks offer loans that agribusinesses view as expensive. Can agribusinesses access conventional bank credits within the warehouse receipts system as a result of project support? Is the system self-sustainable? If not, will it be by the end of the project?</p> <p>Main issues that need to be addressed here are twofold:</p> <ol style="list-style-type: none"> 1. Access to investment funding remains extremely limited in Serbia with a commercial banking system still not up to speed on the needs of the private sector and on how to satisfactorily address them. Most interviewees met during the evaluation mentioned that this is the single most restrictive factor inhibiting growth and in some case preventing start-ups. 2. Access to finance via the warehouse receipts system is a new initiative in Serbia only coming into force in 2011 together with the Indemnity Fund – both created by the Law on Public Warehouses for Agricultural Products. Since its inception, 5 loans have been approved based on the warehouse receipts system, with a total value of approximately \$1.2m. Details of these transactions are recorded on Indemnity Fund records. Fundamentally, it is based on the concept that farmers (wheat and grain) will envisage storing their produce in silos for several months against the issuance of a receipt against which they could then borrow against as collateral. However, most farmers encountered advised that they were not interested in long-term storage instead preferring to sell at an agreed price with the silo owners as early as possible following harvesting. If this attitude prevails, it may result in few credits, if any, being requested in the future in which case the initiative could not be said with any degree of certainty to be self-sustainable.

9.0 CONCLUSIONS AND RECOMMENDATIONS

9.1 Conclusions

1. General

From the available evidence in quantitative and qualitative terms, it is clear that SAP has made a positive and valuable contribution towards increasing the efficiency of agribusinesses in Serbia together with supporting and influencing measures aimed at improving the enabling environment in which those businesses need to operate.

2. Access to new markets

There are three types of markets that SAP successfully approached: a) the US market due to the USAID sponsoring of this project and the consequently good contact over there; b) markets with good purchasing power such as the EU, Switzerland, Japan, the Gulf countries; and c) markets in the neighborhood such as Bosnia and Herzegovina, Albania, Kosovo and Macedonia. Certification, according to international requirements, has played a major role in SAP activities to enable access to new markets. Study visits and/or participation in international fairs have further enabled a better understanding of international market requirements. However, access is the first step, whereas continuously growing sales volumes should be the next step. This was not included as a success indicator for the project evaluation although, in any event, it would have been difficult to verify the export figures of individual companies. In summary, it might eventually be possible to say that berries, mushrooms and herbs must find new markets or at least that these products have to be exported in larger volumes to existing markets as they do not currently have a local market.

3. Grants Program - Investment, Capacity Building and Enabling Grants

The project has implemented a number of grant schemes since inception with varying degrees of success relative to planned disbursements, the initial total of which was \$5.2m but later reduced to \$3.0m and reallocated to “Project Activities.” According to the documents reviewed, a total of \$2.33m has been disbursed so far, accounting for 65% of what was planned for the same period. 159 organizations benefited, accounting for 55% of what was planned. Therefore, it can be concluded that pre-determined targets have not been met by SAP. However, there is some evidence based on feedback from some of those enterprises and agribusiness associations that received grants that additional sales were achieved and new jobs were created following use of the grants for the purposes requested, e.g. international standards. According to project management, these grants have played a leading role in addressing market failures to build sustainable supply and demand services in marketing and packaging, standards and certification, sustainable dairy production models, and the adoption of other ABDS. However, it seems that the disbursement of grants was not required to be reported in the PMPs (as allegedly they would provide no qualitative indication of their impact) which begs the question as to the efficacy of the criteria used to select deserving clients. As the revised Grants Under Contract budget of \$3.0m accounts for 18.5% of the Realigned Task Order Budget of Total Other Direct Costs one would expect that the purpose and impact of those grants on clients would be measureable. As this is not the case, it could be argued why have grants available at all.

4. Youth Entrepreneurship and Youth Enterprise Grants

Activities within this component began with the “Entrepreneurship in Agribusiness” program and were implemented in 19 agricultural high schools with 150 students. This was subsequently switched to the “Junior Achievement Serbia” program, with SAP working with 25 schools reaching 700 students. In Year 4, activities were expanded to agriculture universities in Belgrade, Cacak and Novi Sad, reaching 180 students. It is anticipated that by the end of Year 4 SAP will finance the implementation of 20 business plans. In this respect, it can be concluded that the project has significantly raised the profile of entrepreneurship to young people in education and this is to be commended. To date, 16 youth grants have been awarded over \$200K resulting from Business Plan Competitions. However, whilst most of the businesses still appear to be operating, some of those interviewed were in fact still students, operating on a part time basis with limited success.

5. Enabling Environment

- SAP has been instrumental in influencing the adoption of legislation related to facilitating access to finance for farmers via the Warehouse Receipts System as an integral part of the Law on Public Warehouses for Agricultural Products. The same law also established the Indemnity Fund which, for the first time, introduced the concept of insurance for agriculture products stored in warehouse silos and cold storage units with the support of government subsidies.
- The project has also contributed towards upgrading the way in which the Government of Serbia gathers and disseminates vital market-related information on pricing of commodities via support to its STIPS information system. This initiative, which included the training of those most in need of regular and up-to-date market information, has been generally accepted as major step forward.
- The project has further contributed to policy related issues with the commissioning and publication of a number of important and relevant studies and surveys to raise awareness of developments and trends that have had an impact on agriculture and agribusiness in Serbia. These include macro-level papers on matters such as the effects of worldwide economic recession to micro-level reports on issues that directly affect the farmers such as soil analyses.
- The result of the above activities is that SAP has contributed meaningfully to assisting the GoS move closer to realigning its legal, policy and regulatory measures in preparation for EU and WTO accession.

6. Monitoring

The project employs a PMP on an annual basis to measure project activity but not to record actual performance against plan. Actual results are recorded in Excel sheets called Results vs. PMPs Indicators. There are a substantial number of indicators, many of which depend on information and data provided by beneficiaries in order to be able to assess performance. As there is no effective or realistic way for the project to verify the efficacy of the information provided, in particular with reference to number of jobs created or sales increases (including exports) “as a result of SAP assistance,” it can be concluded that those indicators in question are unsatisfactory as a means to actually assessing real performance or impact¹⁵. With respect to specific targets some appear arbitrary, others appear unrealistic, whilst yet others seem perfectly sensible. In general, reporting and monitoring performance appears overwhelmed with paperwork due to the plethora of weekly, quarterly, annual reports and PMPs that need to be prepared.

7. South Serbia and Sandzak

The Evaluation Team was asked to evaluate and comment on the project’s “Southern Strategy” into South Serbia and the Sandzak region and whether or not it has been effective to date. In this regard, the Evaluation Team referred to the project’s Year 4 Work Plan – Annex IX: Sub Plan – “Strategy for Southern Serbia,” October 10-September 12 (USAID Task Order Modification No.5), as the only major source of information available on the subject, as there is little other reference in any other project documentation reviewed, including Year 4 PMP, to provide any indication as to how the envisaged tasks within the modification have been implemented to date.

The only conclusion that can be drawn is that the activities outlined in the strategy paper for South Serbia and the Sandzak Region are planned for the final year of the project. At the time of the evaluation mission, neither Year 5 Work Plan nor PMP had been finalized and were not available for review by the Evaluation Team. However, what is apparent is that in geographic terms, there has never been a clear or satisfactory definition of what constitutes South Serbia and Sandzak although from the start of the project SAP has considered it to be “all districts south of Belgrade.” Furthermore, the Evaluation Team was advised that the aforementioned “Southern Strategy” was not intended to be an additional project component but a description of how the current technical assistance activities will be expanded and extended into the

¹⁵ It can be argued with some degree of certainty that businesses in Serbia are not prepared or are unwilling to provide real data on jobs created or sales achieved for several reasons including official financial reporting requirements. The definition of what constitutes a job is also unclear (part-time, temporary, seasonal, etc.) together with the fact that a job might, for example, be created but also lost in the same calendar year as a result of economic circumstances yet can still be deemed by the project as a job created and recorded as such.

Southern regions of Serbia. In fact, SAP has been working with clients in the south of Serbia mainly in certification, training and study tours. Nevertheless, these interventions have been somewhat limited and, certainly, not part of any overall strategy. Whilst the Task Order Modification report on Southern Serbia is a worthwhile document, it is more an action list of activities rather than a clearly defined strategy for the region. One specific planned activity is that SAP plans to be involved in training in the use of IPARD funds for Southern Serbia.

8. Higher Level Indicators/Overall Project Impact

An additional significant conclusion was that emphasis on measuring the overall performance of the project against macro-level indicators, such as GDP and percentage movements in national statistics such as exports, is neither realistic nor measurable. This is largely because it is effectively impossible to attribute the contribution of one project to national output and because GDP movement is due to many factors. This also applies to job creation, as it is extremely difficult to determine how many real jobs have been created due to a project's interventions. This is due to several reasons including the fact that the definition of what constitutes a job has never been satisfactorily addressed (at least in donor-funded programs). Similar arguments apply regarding sales and exports.

9. Project Management, Administration and Reporting

There is compelling evidence that the project is overwhelmed with paperwork required to prepare the plethora of weekly, quarterly, annual reports as well as PMPs, Results vs PMPs and consultants' reports. The result of this excessive reporting is that many project team members spend a significant amount of their time in preparing such documentation rather than spending time actually doing what is required of them.

10. Stakeholders and Beneficiaries

Nearly all major stakeholders interviewed agreed that SAP has acted as a positive influence in the last 4 years in terms of raising the profile of important and relevant agriculture and agribusiness related issues in Serbia and with its direct interventions with private enterprises, producer organizations and service providers. In many cases, it was evident that without this support many of the activities undertaken by recipients of SAP assistance would probably not have gone ahead. SAP has also successfully collaborated with other donor-funded projects such as the DANIDA Fruits and Berries Project in Southern Serbia, sharing information and hosting joint training seminars.

9.2 Recommendations

Following are some recommendations that SAP may wish to consider for *the final 5th year of implementation of the project*. Some have already been touched on in Section 7 above with respect to Illustrative Questions but are raised again here as confirmation of their need. It is important to note here that SAP's Annual Work Plan and PMP for Year 5 were not available for review at the time of the evaluation mission.

1. General

For the duration of the project, SAP should continue its work in strengthening the general supporting services environment for the agribusiness sector by building sustainable agribusiness services in production, processing, information, standards certification, marketing and packaging.

2. Access to New Markets

Whilst SAP has had some degree of success in helping companies acquire a greater understanding of international sales and marketing activity and what drives those markets, most of the project's input has been to support attendance at trade fairs and exhibitions and on improving promotional material, both of which are necessary and useful. However, as it is difficult to assess how this new knowledge and experience has affected export sales and jobs or the extent to which supported enterprises are equipped to sustain their international marketing efforts, it is recommended that the project team sits with clients following support and review their marketing plans for the foreseeable future. This would allow deviations or deficiencies to be recognized and action plans prepared to keep the company on track. This continued

support would serve to ensure that assistance was not a “one-off” and that sustainability was a realistic option.

3. Grants Program

As mentioned in the conclusions above, grants appear to be disbursed with little means of accountability or onus on recipients to demonstrate the impact such funds have had on their operating activities. As the project is dependent on feedback from clients usually via self-assessment surveys, perhaps a more robust way of evaluating impact would be to have the client assessed by an auditor (possibly of an international standing.)

4. Youth Entrepreneurship Including Youth Enterprise Grants

Regarding business start-ups for young people via business plan competitions, consider the efficacy of a wider media campaign to increase the number of applicants. Offer the prospect of helping winning candidates upgrade their plans to a professional level if additional investment funding is required from a bank. Offer potential entrants who do not have the skills, to prepare a plan with one-to-one assistance (can be limited in time and/or number of visits to review progress in the preparation of the plan). Install a mechanism that follows up the progress of grant winners in what they do with the money and to determine whether they need further advice on any technical issues to ensure growth (or indeed solvency). Project management advises that youth grantees report to them on a quarterly basis on their successes regarding jobs created add sales achieved. However, this evaluation cannot support this assertion as those grantees interviewed had neither proper accounting books, increased sales nor taken on any additional staff. Therefore, our recommendation would be for a closer scrutiny of the way grants are disbursed to youths, with a realistic degree of performance measurement included. At the moment, it appears that funds are allocated simply to reduce the budget that can be allocated.

5. Enabling Environment

SAP has made a significant contribution to improving the business enabling environment in Serbia. However, as the project has no plans to work on further legislation in its final year, it is recommended that the project team assist the GoS in disseminating information on existing laws (particularly the Warehouse Law) to a wider audience. This would be useful exercise as quite a few of the interviewees met by the Evaluation Team had no knowledge of the legislation or how it might be of benefit to them.

6. Monitoring

The Evaluation Team believes it is unlikely that project management will change or revise its internal monitoring structure for the duration of the project. However, it is recommended that focus should be on the preparation of Results vs. PMP Indicators as they are the only documented reference regarding how the project is actually performing against plan. All other project documentation related to monitoring mainly provide an explanation of what should happen or has happened, much of which is simply repetition of previous years reporting.

7. South Serbia and Sandzak

Much has been discussed on the subject of concentrating effort in Southern Serbia in order to address the slower pace of development in agriculture than Vojvodina. Whilst this is partially true, a considerable amount of funding has already been allocated to Southern Serbia over the years from previous USAID projects and from other international donors (and is still ongoing with the Danish funded Fruits and Berries Project). Following discussions with key stakeholders, there is some argument that further assistance could be appropriate but will also include Central Serbia up to Krakujevac. This would bring in opportunities to assist the more depressed areas in both regions. With IPARD funds forthcoming, it would be advisable for USAID to survey the landscape (metaphorically and literally) to assess where potential gaps lie and to what extent a future project could address this gap and indeed the design of such a project to achieve the optimum results. Given that the project has already prepared an action list of interventions in Southern Serbia, it is evident that a clear definition needs to exist outlining the geographic territory to be covered,

which is not currently the case. Based on this the project should develop a specific strategy for the region rather than simply provide a list of intentions which is not necessarily the same thing.

8. Higher Level Indicators / Overall Project Impact
As mentioned earlier it is virtually impossible to measure the overall impact of a project on jobs created and sales increases (including exports) other than what has been obtained from feedback from the recipients of project assistance. Comments can be made on individual and collective performance but this can only be a subjective view as results and effects of interventions can change rapidly. Tracking the annual percentage change in performance of an indicator is equally challenging and again almost impossible to attribute. This report therefore recommends that little time be spent in trying to calculate non-attributable macro-level indicators.
9. Project Management, Administration and Reporting
In line with previous suggestions associated with project monitoring, it is recommended that the project comes to an agreement with USAID to reduce the amount of paperwork required for review and/or approval to speed up decision-making. This was requested by both project team members and, in some cases, the intended recipients of project assistance due to long time delays in activating action plans or receipt of grants.
10. Stakeholders and Beneficiaries
As already mentioned SAP is largely well regarded by various sections of the community in Serbia in terms of the contribution (real and perceived) that it is making to improve business competitiveness and business environment in general. It is therefore recommended that the project continue to strive to maintain a positive image towards both direct beneficiaries and also the wider public. With focus on EU integration in the coming months (and years), it is important that the project (with USAID's help) retains a high profile in the country and is directly associated with helping creating a sustainable future especially in agriculture and agribusiness.

Following are additional recommendations for USAID for any possible future agriculture/ agribusiness funded project in Serbia:

1. From the available evidence, including commentary from the Ministry of Agriculture, there appears to be sound economic argument for any future technical assistance project to seriously consider the dairy and livestock/meat sectors in Serbia whose potential for real income and job creation seems an ideal opportunity for further analysis and pursuit. Given the importance of the livestock and meat sector to the economy of Serbia and with livestock numbers decreasing, it is strongly recommended that SAP revisits its strategy for this sector focusing on helping improve the quality of existing production, especially pig meat and beef (domestic market) and young beef and lamb (export markets). Farmers need to be updated in modern animal husbandry techniques employed on similar smaller and medium sized commercial family enterprises across the EU and SAP should offer practical support to make this happen.
2. Given the almost universal acknowledgement of the need for a National Dairy Association to represent the interests of dairy farmers it is recommended that greater effort be placed on this endeavour by the SAP team since it is vital that such a body be established sooner than later.
3. SAP has identified a number of key areas where it could contribute to the growth vegetable sub-sector and help Serbia become a net importer of fresh vegetables. One of them was the need to encourage all-year-round production using greenhouses and polyethylene tunnels and use of cold chain storage facilities. This is a commendable approach and due to its importance, it is recommended that SAP takes a more active and leading role in bringing stakeholders and potential investors together to build on achievements to date.

4. Any future project should focus on how real impact can be achieved by planned interventions and, therefore, not be as wide-ranging in scope as SAP. A leaner, more results-driven project, will be easier not only to deliver on the ground but also in its management and administration including reporting structure as mentioned in the body of the report.
5. Such a project should also limit itself to activities with specific time parameters related to specific interventions. This means precluding activities related to policy-making and business enabling reform, which are time-consuming and dependent on too many factors outside of the control of technical assistance project.
6. A further suggestion worth considering would be building into the project a facility to recruit and train potential business consultants at the start of the project and retain them throughout the lifetime of the project to work with experienced international and local experts. This will serve to ensure a certain level of sustainability of service provision, particularly in agriculture and agribusiness. Demand for experienced locals to work with companies on local issues and delivery of certain types of training would advance this cause.
7. In the design of such a project, avoid the possibility of job “surfing” by local staff by offering a package of remuneration beyond simply a daily rate or monthly salary. The ongoing training as outlined in (7) above may alleviate this problem especially if they are given real decision-making responsibilities once having achieved a certain level of competency. Too often, local members of project teams are sidelined when it comes to working directly with clients on the false premise that the advice of international experts is more likely to be accepted. While this may be true in some instances (e.g. training in HACCP, ISO etc.) it is not the case in many other aspects where more than competent local experts in specific fields can easily deliver professional advice and training. This should, therefore, be encouraged at the start of any future project.

ANNEXES

ANNEX A:

Work Plan



Serbia Agribusiness Project (SAP) Evaluation (July – August 2011)

WORK PLAN

Submitted by:

ME&A

Mendez England & Associates

Introduction

In preparing its management and technical approach, the ME&A's Evaluation Team has carefully followed the guidelines detailed in the Request for Task Order Proposal (RFTOP). As stated, the primary purpose of this Task Order as defined in the accompanying Scope of Work (SOW) related to the Serbia Agribusiness Project (SAP) evaluation mission is "to determine the effectiveness of activities implemented to date and identify any implementation problems that need to be corrected in the final year of the project." The SOW requires the Contractor selected for the requested work to "submit a detailed work plan before arrival in the country to be approved by USAID." Following a conference call on Tuesday, 12 July, 2011, between the Contractor (ME&A), the Team Leader (Mr. Colin Maclean) and USAID/SAP Project COTR (Mr. Djordje Boljanovic), work plan related issues were discussed and a submission deadline of Monday, 18 July, 2011, confirmed.

In accordance with the tasks and deliverables indicated in the SOW and with the above-mentioned conference call discussions in mind, it was agreed that the Evaluation Team would conduct preliminary home-based background analysis of project-related documentation to familiarize themselves with the project prior to mobilization. This would be followed by 27 working days in country for interviews and site visits, at the end of which an initial draft report would be submitted and presented to USAID on Friday, 19 August 2011, prior to the Evaluation Team's departure from Serbia. A second draft report is then to be submitted to USAID to include comments and suggestions resulting from the end-of-mission presentation. USAID will then have 15 days from receipt of this report to submit any final comments for inclusion in the Final Evaluation Report which is to be re-submitted by the Evaluation Team within 2 days.

This work plan has been prepared for USAID/Serbia & Montenegro in Belgrade. In summary, it consists of a description of the Evaluation Team, evaluation design plan and draft schedule for anticipated tasks, meetings and field visits. Annex 1 contains the project timetable, Annex 2 a list of potential questions to be answered by the evaluation and Annex 3 a suggested list of potential interviewees, all of which are subject to further discussion between USAID and the Evaluation Team at the start of the evaluation mission.

Evaluation Team

The evaluation for the SAP Project will be conducted by a two-person team consisting of in-country and expatriate specialists. These include: *Colin Maclean* (Team Leader) and *Martin Markhof* (Agricultural Specialist). *Tamara Radenkovic* will serve as Local/In-Country Interpreter.

Colin Maclean will assume responsibility for the management of the evaluation. This will include identifying organizations, people and materials to be consulted prior to the departure of the Team to the field and liaising and working with the COTR to ensure that the evaluation meets the objectives of USAID. *Martin Markhof* will identify and schedule interviewees, conduct interviews and research, conduct regional field visits and contribute to the drafting of the draft and the final report. *Tamara Radenkovic* will act as interpreter and also assist in the planning and organization of interviews and coordination of site visits.

In principle the Team will function as a single unit and in general jointly participate in meetings to collectively gain an understanding of the issues at hand. However, due to the fairly wide ranging scope of the evaluation and in order to maximize the relatively limited time in the field, there will be a number of occasions where individual Team members will conduct interviews or briefings on their own. This will serve to ensure that as many of the identified interviewees as possible are met and their views ascertained.

Evaluation Design Plan

The ME&A Team is tasked with conducting an evaluation of SAP, which commenced in September 2007 and due to end in September 2012. The evaluation will be both quantitative (analysis and review of

measurable data) and qualitative (gathering and assessment of comment and opinion) with emphasis on the former. The final report format will therefore reflect this through the inclusion of graphic tables, which will track the performance of SAP results against planned targets on a year on year basis. Commentary on the Team's findings will appear in text following each relevant chart.

In summary, quantitative data (e.g. number of actions / activities to be accomplished against plan) will be sourced from SAP annual work plans and period reports. In addition, particular reference will be made to the project's own annual Performance Monitoring Plans (PMPs) designed to provide ongoing analysis and commentary on actual results achieved against plan including actions and strategies to be taken to address any current or anticipated deviation from plan. The collective outcome of this evaluation will be a thorough assessment of the impact of the SAP to date relative to the planned objectives as envisaged in the original SOW together with recommendations offered by the Team for the remainder of the project's tenure in Serbia. Qualitative data will be gathered via the Team's interviews with key stakeholders such as beneficiaries, national and local government officials, international donor representatives and other relevant bodies.

The on-site evaluation mission will take place between Monday, 25 July, 2011, and Friday, 19 August, 2011, inclusive. Preparation time for the advanced review of relevant materials prior to mobilization of the Team as well as post-evaluation time following return to home base also forms part of the total evaluation process as defined in the terms of reference for the experts. The review of all available project documents will focus specifically on providing answers to the key questions identified by USAID as defined in the experts' SOW, which addresses two separate issues: 1) the extent to which questions asked lead to answers regarding the impact / results achieved by the project within specific components; 2) the extent to which questions asked lead to answers regarding strategic and operational issues. On initial review of both, the Team believes that the questions raised are fairly all encompassing the answers to which should contribute towards the final 'big picture' of SAP aimed for by the Team. As an aide memoire these are included in this work plan (see Annex 2 below).

The early part of the field visit to Serbia will focus on finalizing the list of interviewees, list of key questions to be answered, final report outline and arranging interviews and project site visits. The remainder of the time in-country will be oriented towards collecting and analyzing relevant information. Three principal means of gathering information will be considered:

- *Document Review.* The Team will perform a document review of available reports and studies provided by USAID, the Contractor and other relevant parties.
- *Structured Interviews.* The Team will ask questions designed to answer the key questions identified by USAID. Our approach will be to use a core set of questions to enable a common baseline of information but to modify the set of interview questions based on the experience and position of the interviewee. For example, government officials and enterprise owners would have different questions. All of the interviews will go beyond qualitative "yes/no" to open ended answers to solicit as much explicit and concrete information as possible. Our intent is to have those interviewed speak frankly and candidly about their association and/or experience with SAP
- *Focus Groups.* If deemed more efficient, the Team may assemble focus groups (enterprise or association representatives) to elicit information regarding SAP's efforts to support them.

We anticipate conducting 30-40 interviews and site visits depending on the location, willingness and availability of interviewees as well as the time available. An illustrative list of people and organizations that the Team should meet during the evaluation mission is highlighted in ME&A's Technical Proposal and this will form basis on which the Team will proceed. However, it is expected that during the Team's investigations additional candidates for interview will come to light and these will be followed up where possible. The Team will also endeavor to identify those firms or associations (or other parties) who participated in SAP's activities but who subsequently withdrew for one reason or another. Discussion

with such parties will help provide a more balanced view of the workings of SAP rather than simply relying on those parties which have participated and benefitted from assistance. Annex 3 provides an indicative list of potential interviewees. Where possible the Team will endeavor to evaluate performance via the accumulation and analysis of gender-disaggregated data and information.

Annex I: Schedule

DRAFT SCHEDULE FOR THE EVALUATION OF USAID/SERBIA AGRIBUSINESS PROJECT

Agribusiness project evaluation team Draft Agenda

July 24 arrival in Belgrade

July 25, Monday

9:00-11:00	in-brief with USAID Senior management, EGO and USAID M&E and gender specialist.	
11:30-17:00	Agribusiness project presentation/overview by COP and his team; Individual discussions with 6 sector leads, cross-cutting managers, M&E, grant specialists	Agribusiness Office Belgrade

July 26, Tuesday

9:00-11:30	follow-up technical meetings with Agribusiness project team Meet with Dan Gies, STTA Rural Finance Specialist	Agribusiness Office Belgrade
12:00-13:00 TBC	Meeting with Milos Milovanovic, Assistant Minister, Ministry of Agriculture, Trade, Forestry and Water Management	Nemanjina 22-26, Belgrade +381 11 361 62 78 063 823 56 28, 064 225 15 68 milos.milovanovic@minpolj.gov.rs
13:00-14:00 TBC	Meeting with Tatjana Radovanov, Assistant Director for Export Promotion, Serbia Investment and Export Promotion Agency	Vlajkovicева 3/V, Belgrade + 381 11 3398 243 + 381 65 3397 832 tatjana.radovanov@siepa.gov.rs
14:00-15:00 TBC	Meeting with Dragana Vidojevic, Environmental Protection Agency of Republic of Serbia, Ministry of Environment, Mining and Spatial Planning	Ruze Jovanovica 27a, Belgrade +381 11 2861080 dragana.vidojevic@sepa.gov.rs
15:00-16:00 TBC	Meeting with Radisav Busic, President of Serbian Flora Association and owner of Bilje Borca Company	Prelivacka 98, Borca 011 3324 651, 063 245 318 office@biljeborca.rs
16:00-17:00	Meeting with Dragan Mirković, President of Agromreza (also Agricultural Advisor to the Deputy Prime Minister) (local NGO and expert organization of farmers cooperatives and SME owners)	Agribusiness Office Belgrade 064 111 52 25 dmirkovic@gov.rs, draganmirkovich@gmail.com

July 27, Wednesday

9:00-10:00	USAID EGO follow-up meeting	
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10:00-11:00	meeting with USAID/FAS at the Embassy	
11:00-12:00	meeting with the Danish program for fruits and berries (Danish Embassy)	
13:00-14:00 TBC	Meeting with Tobias Stolz, Project Leader: Economic and Employment Promotion Program, GIZ	Decanska 8 +381 11 323 43 94 tobias.stolz@gtz.de
14:30-15:30 TBC	Meeting with Milan Prostran, Seretary for Agriculture, Serbian Chamber of Commerce	Resavska 13-15, Belgrade 011 324 13 28 milan.prostran@pks.rs
16:00-17:00 TBC	Meeting with Nada Miskovic, President, Serbia Organica, National Association for organic production	Molerova 29a, Belgrade 065 8146 176, 064 110 2126 noe@eunet.rs
	Travel to Novi Sad	

July 28, Thursday

9:00-10:00	Visit to Biotrend Donato company (project client) Meet with Ljubica Stankov, Owner and Manager	Alekse Santica 64, Novi Sad 021 63 60 950, 063 536 003 biotrend@eunet.rs
10:30-12:30	Novi Sad Agriculture faculty, Meet with Prof. Pero Eric, Vice-dean	Trg D. Obradovica, Novi Sad 021 350 366, 063 600 219 pero@polj.uns.ac.rs
13:00-14:00	Meeting with the former minister of Agriculture Sasa Dragin	
14:00-15:00	Meeting with Indemnity fund (Warehouse receipts) Meet with Milan Djakov, Director and Tatjana Djukanovic, Deputy Director	Bulevar oslobodenja 5, Novi Sad 063 51 60 07, 064 658 15 13 (Milan); 064 658 15 12 (Tatjana) milan.djakov@kompenzacionifond.gov.rs tatijana.djukanovic@kompenzacionifond.gov.rs
15:30-16.30 TBC	Visit SAVOUR, Soap producer Meet with Nikola Srdanov, Youth grantee, also winner of the 2010 Youth Entrepreneur in Agribusiness prize at Novi Sad Ag Fair	Bogdana Suputa 43, Novi Sad 064/933 999 8 nsrdanov@gmail.com

July 29, Friday

8:00-10:00	Trip to Subotica	
10:00-11:00 TBC	Meet with Igor Sipraga, Fruitland Association	Petefi Sandora 26, Subotica 063 628-362
11.00-11.30	Travel to Hajdukovo	
11:30-12:30 TBC	Visit Suncokret, Health food company, Meet with Ivan Percic, owner and manager	Ingus Kastelj bb, Hajdukovo, Subotica 064 18 15 423

ivan@suncokret.rs

12.30-13.00	Travel to Tavankut	
13:00-14:00 TBC	Visit Vocko Cooperative, incorporating SmartFresh technology, Meet with Zeljko Nimcevic, Manager	Matka Vukovica 81, Tavankut, Subotica 024 767 426, 063 501 578 vocko@tippnet.co.rs
14.00-15.00	Travel to Coka	
15.00-16:00 TBC	Visit Macval Tea, Herbs and spices production company; Meet with Mirko Oluski, Owner and Manager	Petra Drapsina 39, Coka 021 4722-468, 063 50-33-90 mirko.oluski@macvalgroup.com
16.00-17.00	Travel to Djurdjevo	
17.00-18.00 TBC	Visit Agrar Plus, Producer of fresh raspberries, Meet with Vlada Kuhar, Owner and Manager	Kralja Petra I bb, Djurdjevo (close to Novi Sad); 063 535 958 agrarplus@djurdjevo.net

July 30, Saturday

Office work/wrap up

July 31, Sunday

Travel to Nis and overnight in Nis

August 1, Monday

9:00-10:00	interview with Agribusiness project team in Nis	Agribusiness Program Office
10:00-11:00	interview with Danish project team located in Nis, Meet with Dagfinn Moe, Senior Advisor	Strahinjica bana bb, Nis 066 95 404 10 dagfinn.moe@gmail.com
11:00-12:00	interview with local ABDS provider; Meet with Aleksandra Brzakovic , Director and Tanja Balaban, Deputy Director from Department for Agricultural and Rural Development	Leskovacka 4, Nis 018 290 242 064 833 0182
12:30-13:30 TBD	Visit MAK International, Livestock/ Meat Sector Company; Meet with Milena Mikic, Director	Zetska 2, Nis 069 528 7140 office@mak.rs
13:30-14:30 TBC	Visit Nis Dairy (Niska Mlekara), Meet with Zvezdan Gavrilovic, Director	Nikodija Stojanovica 28b, Nis 064 8261 281 zgavrilovic@niskamlekara.co.rs
15:00-16.00 TBC	Meet with Masa Bubanj, HELP Country Director	Nemanjina 7/1, Nis

Overnight in Nis

August 2, Tuesday

8:00-9:00	travel to Vranje	
9:00-10:00	meeting with USAID FO Vranje	
10:00-11:00	meeting with PPES project team in Vranje	
11:00-12:00	Interview with extension service provider in Vranje Meet with Milica Stajic, PSEE trainer and Agricultural extension service provider	Maricka bb, Vranje 064 843 53 94
12:00-13:00	Meeting with the municipal local development office in Vranje; Meet with Boban Stankovic, Assistant to the Mayor	Petog kongresa 1, Vranje 017 402 334 064 890 7505 privreda@vranje.org.rs
13.00-14.00	Srdjan Stojkovic, youth grantee, Strawberry producer	
14.00-14.30	Travel to Zbevac	
14.30-15.30	Visit Sampi-Co, small mushroom producer and cleaner production pilot company, Meet with Goran Stamenkovic, owner and manager	Village Zbevac, close to Bujanovac 060 055 8 055 sampico@live.com
16.30-17.30	Visit Agro-Adria, small livestock Sector Company, Meet with Aziz Malici, director and participant of livestock study visit to US Travel to Nis, Overnight in Nis	Karadjordja Petrovica 159, Bujanovac 062/428-021

August 3, Wednesday

9.00 – 10.00	Travel to Sokobanja	
10.00 – 11.00	Visit Adonis, MAP Company, Meet with Nebojsa Stanojevic, Owner and Director and also President of Association ‘Dr Jovan Tucakov’	Alekse Maksica 166, Sokobanja 063/101-36-60; 060 08 33 965 goran@teasy.rs
11.00 – 12.00	Travel to Razanj	
12.00 – 13.00	Visit DIS Todorovic, Meet with Slavisa Todorovic, owner and manager	Svetog Save 4, Razanj office@distodorovic.rs
13.00 – 13.30	Travel to Krusevac	
14.00 – 15.00	Visit Aroma 1990, Vegetable Sector Company, Meet with Milovan Dinic	Jasicki put bb 064 827 4700 milovan.dinic@aroma1990.co.rs
15.00 – 16.00	Meet with ZZ Euro Duo-Kalem, Producer Organization	Krusevac 063/684953
	Travel to Nis, Overnight in Nis	

August 4, Thursday

8.30-9.00	Travel to Prokuplje	
9:00-10:00	interview with other donors present in South Serbia Meet with Graeme Tyndall, Program Manager, European Partnership with Municipalities Program, UNOPS	Prokuplje (40 minutes from Nis) +381 27 329 972, 329 973 graemet@unops.org
10.00-10.30	Travel to Gornja Trnava	
10.30-11.30	Visit Hera, Small family-owned producing frozen 'burek' for the export to EU, Meet with Vesna Jeftovic, Director and Head of Nis Association of Business Women	Gornja Trnava 062 289 888 office@hera.rs
11.30-12.30	Travel to Blace	
12.30-13.30	Visit Lazar Dairy, Meet with Milan Vidojevic, owner	Kralja Petra I / 6, Blace 027 370 021, 065 814 5970 mmlazar@beotel.rs
13.30-14.30	Travel to Bojnik	
14.30-15.30	Visit Fortis, producer and supplier of frozen fruits, Meet with Vladimir Jankovic, owner	Industrijska zona, Bojnik 016 821 777
15.30-16.00	Travel to Leskovac	
16.00-17.00	Visit Mesara Srbija, Meet with Tanja Nikolic, manager and president of Association of Women Entrepreneurs Danica	Strahinjica Bana 30, Leskovac 062 202 881 tanjagile@gmail.com
	Travel to Nis, Overnight in Nis	

August 5, Friday

9.00-10.00	Travel to Leskovac	
10.00-11.00	Visit Strela, Mushroom and Fruit Processing Company, meet with Miodrag Nedeljkovic, owner and manager	Lebanski put 15, Leskovac 065 417 4210 office@strelafunghi.com
11.00 -12.00	Visit Fungo-jug, mushroom and fruit processing company, meet with Dragoslav Jovanovic, owner and manager	Masarikov trg 7, Leskovac 016 794 831 fungogroup@gmail.com
12.00-13.00	Meet with Leskovac City Mayor, discuss development of Distribution Center in Leskovac (large scale project to be supported in cooperation with USAID SLED Activity and UN PROGRES Program)	Pana Djukica 9-11, Leskovac
13.00-14.30	Travel to Aleksinac	
14.30-15.30	Interview Nemanja Stancic, youth grantee, producing dried fruits and vegetables	Aleksinac (Nis)

Travel to Nis, Overnight in Nis

August 6, Saturday

Office work/wrap up

August 7, Sunday

Travel to Kragujevac

Overnight in Kragujevac

August 8, Monday

9:00-10:00 visit to Kragujevac Dairy Training center
11:00-12:00 meeting with Agribusiness project team in Cacak
12:00-13:00 meeting with the Agriculture Institute in Cacak
13:30-14:00 meeting producer organizations (blueberries, raspberries, etc.)
14:00-17:00 meetings with project clients in/near Cacak
Overnight in Cacak

August 9, Tuesday

9:00-11:00 meetings with Arilje producer associations
11:30-17:00 meeting with project client in/near Arilje and Cacak

Trip to Novi Pazar

Overnight in Novi Pazar

August 10, Wednesday

9:00-10:00 meeting with PPES project team in Novi Pazar
10:00-10:30 meeting with USAID FO team in Novi Pazar
11:00-17:00 visit to Agribusiness and PPES project clients in Sandak (Novi Pazar, Sjenica, Tutin)
Overnight in Novi Pazar

August 11, Thursday

9:00-17:00 visit to project clients in Sandak (Novi Pazar, Sjenica, Tutin)
Overnight in Novi Pazar

August 12, Friday

9:00-10:00 visit to municipal local development office in Novi Pazar
10:00-17:00 visit to project clients in Sandak (Novi Pazar, Sjenica, Tutin)
Overnight in Novi Pazar

August 13, Saturday

Office work/wrap up

August 14, Sunday

Travel to Belgrade

Week of August 15

August 15-afternoon or evening hours –Informal gathering at Agribusiness project; possibility for getting additional information from the project

Interviews with USAID and Agribusiness project clients

Draft report and out-brief preparations

August 19 out-brief to be scheduled for USAID

Annex II - Questions

Based on the key questions provided by USAID in the SOW answers to the following questions will be the focus of the evaluation.

COMPONENT RELATED QUESTIONS

Producer Groups and Organizations

1. Has the project been successful in forming and strengthening producer groups and organizations and has this directly resulted in an increase in their investments in large scale processing and storage equipment?
2. Have producer groups or organizations supported by the project successfully increased agricultural product sales into new domestic and international markets as a direct result of that support and consistent with project targets? Have these increased sales let to the creation of new and sustainable jobs? Were sales and jobs created consistent with targets set in the project's performance monitoring plan?
3. Is there any evidence that non-client producer groups and organizations were formed due to the demonstration effects of client groups and organizations being formed. If so, is there evidence that they were also successful in increasing product sales in new domestic and international markets?
4. Are any of the producer groups and organizations formed by the project fully self-sustaining, both financially and operationally. If not, will they be the conclusion of the project? If not, why not?

Agricultural Business Development Services (ABDS)

5. Has the project been successful in forming and/or strengthening the technical capacity of private-sector ABDS providers, and has this directly resulted in an increase in their number of clients and the fees they are able to charge them? If not, why not?
6. Are agribusinesses willing to pay for those services that were formally provided by donors and/or the government. Is there real demand for these services at market prices?
7. Is there any evidence that non-client ABDS providers were formed due to the demonstration effects of client groups and organizations being formed? If so, is their evidence that they were also successful in increasing clients and revenues?
8. Are any of the ABDS providers formed by the project fully self-sustaining, both financially and operationally? If not, will they be the conclusion of the project? If not, why not?
9. Has the project been successful in increasing the availability and usage of market information? Do you anticipate the quality or accessibility of this information decreasing once the project ends? If so, why?

Private Enterprises

10. Have the private enterprises that have received project technical assistance been successful in accessing new markets, increasing sales, increasing investments and creating new jobs as a direct result of that support? If not, why not? If so, are these gains sustainable without future or ongoing project support?

11. Does project technical assistance effectively position private enterprises to successfully access and compete in international markets through trade show participation and other activities?
12. Have beneficiary enterprises within the project outperformed the sub-sector in which they operate in terms of job creation, investment and sales.

Youth

13. Is there evidence that assistance provided to youth entrepreneurs resulted in a higher success rate of youth businesses than would have been otherwise occurred?
14. Have successful youth enterprises in the program hired additional workers at a higher rate than non-project youth enterprises?
15. Has program assistance targeting youth been more cost-effective in creating jobs and increasing sales than non-youth directed assistance?

South Serbia and Sandzak

16. Has the project's South Serbia Strategy been effective to date? Is its current approach consistent with the targets it has set? Should it be adjusted? If so, how?
17. What are the results-to-date? Should the project (or future projects) take a different approach in increasing agribusiness production and sales in South Serbia and Sandzak?

Monitoring

18. Has the project done a good job of monitoring its projects, identifying areas of concern and quickly adjusting its approach to address these concerns?
19. Do the PMP indicators for the project accurately indicate success in achieving the project's intended results? If not, why not? Are the targets for those indicators realistic and attainable?
20. Has the project committed the necessary resources and attention to accurately measuring and monitoring its progress against project's intended outcomes and results?

STRATEGIC AND OPERATIONAL QUESTIONS

1. Have sufficient resources (personnel, monetary, management, etc.) been allocated in each of the sub-sectors to achieve the targeted results? Has the project properly balanced the cost and benefits of engagement in each sub-sector and across all subsectors?
2. Are there any gaps or needs in the six selected sub-sectors that the current project does not address? Should the project consider ending its work in any of the sub-sectors and/or selecting new sub-sectors at this point in the project?
3. Within the limits of the project description, has the project properly addressed unforeseen changes in the environment (such as the economic crisis) and their impact on the ability of Serbian agribusinesses to access new and international markets? Has the project's response to these changes been effective? Were there any missed opportunities in the projects chosen response(s)?

4. Is the implementing methodology and/or approach still effective in the project achieving the results outlined in the task order? If so, should any future agribusiness program beyond September 2012 employ the same approach? If not, what changes should be considered?
5. Have project results differed based on the type of beneficiary targeted (youth, women, rural, small enterprises, etc). If so, how much of this difference is attributable to the project's approach rather than the characteristics of the intended beneficiary cohort?
6. How successful has the project been in advocating for key regulatory and legislative changes that have resulted in a more competitive and enabling business environment for agribusiness production and export? Have any Serbian laws or regulations in support of Serbian agriculture / agribusiness production, changed as a direct result of project activities. What key regulatory and legislative changes still need to be changed?
7. Based on what USAID / Serbia and Montenegro has accomplished through its agriculture and agribusiness programming to date, its current amended strategy, its interest in specifically addressing regional disparities in all of its economic growth programs and the budget constraints the mission is now facing moving forward, what agribusiness activities and sectors should the mission consider supporting after the planned completion of the current Agribusiness Project in September 2012?
8. How much of an obstacle to agribusiness expansion into new markets, particularly international markets, is limited access to investment and/or working capital? Lack of collateral and registered property is often identified as main obstacle. As a result, commercial banks offer loans that agribusinesses still view as expensive. Can agribusinesses access conventional bank credits within the warehouse receipt system as a result of project support? Is the system self-sustainable? If not, will it be by the end of the project

Annex III - Organizations to be Interviewed

Representatives from the following indicative list of organizations will be contacted to arrange interviews – (does not include USAID or DAI/SAP personnel). The Team is aware that August will be summer holiday season in Serbia which is likely to impact on the availability of potential interviewees so this will need to be taken into consideration when trying to set up meetings.

(1) Government Bodies

- ☞ Ministry of Agriculture, Forestry and Water Management (MAFWM)
- ☞ Ministry of Education
- ☞ Ministry of Youth & Sports
- ☞ Ministry of Labor & Social Policy – Directorate of Gender Equality
- ☞ Member(s) of Parliament in areas related to agriculture
- ☞ Border Phytosanitary Inspectorate

(2) Trade & Industry Organizations

- ☞ Serbia Investment & Export Promotion Agency (SIEPA)
- ☞ Serbia & Montenegro Export Credit Agency
- ☞ Serbian Chamber of Commerce
- ☞ Serbian-American Chamber of Commerce
- ☞ Selection of regional chambers (to be decided)
- ☞ Statistical Office of the Republic of Serbia

(3) Professional Associations / Bodies

- ☞ Association of Fruit & Vegetable Producers
- ☞ Vineyard-Growers and Wine Producers Association of Serbia
- ☞ Coldstores Association of Serbia

(4) Other International Development/Donor Organizations

- ☞ EU – Regional Socio-Economic Development Programme (RSEDP) – implemented by WYG consortium
- ☞ UNDP
- ☞ World Bank
- ☞ European Agency for Reconstruction (EAR)
- ☞ Embassy of Denmark
- ☞ GTZ (Germany)

(5) Financial institutions

- ☞ ProCredit Bank

(6) Private enterprises

- ☞ Agrokomerc
- ☞ Agropress
- ☞ Igda
- ☞ Bilje Borca Company
- ☞ Agranela
- ☞ Serbia Organica
- ☞ Fruit Land Association

- ☞ ZZ Gospojinci
- ☞ Other organizations identified from discussions with SAP and USAID

ANNEX B:

List of Interviews and Meetings

SAP Project: List of Meetings

	CONTACT PERSON	POSITION	ORGANISATION	LOCATION	DATE
	Bill Grant	Program Manager	DAI (Skype call to US)	--	22/07/11
1	Louis FAORO	CoP	DAI	Belgrade	25/07/11
2	James HERNE	Deputy CoP	DAI	Belgrade	25/07/11
3	Slavenko DJOKIC	M&E / Grants Manager	DAI	Belgrade	25/07/11
4	Ivana JANICJEVIC	Youth and Gender Director	DAI	Belgrade	25/07/11
5	Olivera KOSTIC	Operations Coordinator	DAI	Belgrade	25/07/11
6	Ana MARTINOVIC	Communications Advisor	DAI	Belgrade	25/07/11
7	Brankica OBUCINA	Senior Policy Advisor	DAI	Belgrade	25/07/11
8	Djordje BOLJANOVIC	Program Management Specialist COTR) for SAP project	USAID Serbia and Montenegro	Belgrade	25/07/11
9	Marilynn SCHMIDT	Deputy Mission Director	USAID Serbia and Montenegro	Belgrade	25/07/11
10	Bethanne L. CELLARS	Dep. Office Director	USAID Serbia and Montenegro	Belgrade	25/07/11
11	Mirodrag BOGDANOVIC	M&E Specialist	USAID Serbia and Montenegro	Belgrade	25/07/11
12	Jelina MIHAJLOVIC	Program Dev. Assistant	USAID Serbia and Montenegro	Belgrade	25/07/11
13	James HERNE	Deputy CoP	DAI	Belgrade	26/07/11
14	Slavenko DJOKIC	M&E / Grants Manager	DAI	Belgrade	26/07/11
15	Dan GIES	STTA Rural Finance Specialist	DAI – external consultant	Belgrade	26/07/11
16	Radmila VUCINIC	Sector Lead Vegetables	DAI – Novi Sad Office	Belgrade	26/07/11
17	Dragan MIRKOVIC	President	Agromreza	Belgrade	26/07/11
18	Olivera CURCIN ANDELIC	Export Promotion Advisor	SIEPA	Belgrade	26/07/11
19	Dragana VIDOJEVIC	Advisor for Soil Quality	Environmental Protection Agency	Belgrade	26/07/11
20	Nada MISKOVIC	President	Serbia Organica	Belgrade	26/07/11
21	Olivera JORDANOVIC	Operations Officer	The World Bank	Belgrade	26/07/11
22	James HERNE	Deputy CoP	DAI	Belgrade	27/07/11
23	Slavenko DJOKIC	M&E / Grants Manager	DAI	Belgrade	27/07/11
24	Djordje BOLJANOVIC	Program Management Specialist	USAID Serbia and Montenegro	Belgrade	27/07/11
25	Darko LOJEN	Agricultural Specialist	USDA	Belgrade	27/07/11
26	Aleksandra VIDRANOVIC	Executive Director	Dostignuca Mladih / Jr. Achievement	Belgrade	27/07/11
27	Darko RADICANIN	Director of Operations	Dostignuca Mladih / Jr. Achievement	Belgrade	27/07/11
28	Helmut MAIRHOFER	Component Leader	GIZ	Belgrade	27/07/11
29	Marija KALENTIC	Project Manager Organic Agriculture	GIZ	Belgrade	27/07/11

30	Milada LUKESVIC	Advisor	Serbian Chamber of Commerce	Belgrade	27/07/11
31	Branka GAGIC	Senior Expert Associate	Serbian Chamber of Commerce	Belgrade	27/07/11
32	Radisav RASA BUSIC	Owner	Bilje Borca	Borca	27/07/11
33	Srdjan STANKOV	Business Development Manager	Biotrend Donato doo	Novi Sad	28/07/11
34	Ljubica STANKOV	Owner and Manager	Biotrend Donato doo	Novi Sad	28/07/11
35	Pero ERIC	Vice-Dean for Education	Agriculture Faculty Novi Sad	Novi Sad	28/07/11
36	Pedja NESOVIC	Grant Winner	Mushroom farm in Kula	Novi Sad	28/07/11
37	Goran JANJIC	Dairy Sector Lead	DAI – Novi Sad Office	Novi Sad	28/07/11
38	Djordjinka BERBERSKI	Grant Winner	Berberski milk farm in Zrenjanin	Novi Sad	28/07/11
39	Tatjana DJUKANOVIC	Deputy Director	Indemnity Fund	Novi Sad	28/07/11
40	Goran CATO	Analytical Operations Councillor	Indemnity Fund	Novi Sad	28/07/11
41	Djordje BOLJANOVIC	Program Management Specialist	USAID Serbia and Montenegro	Novi Sad	28/07/11
42	Vlada KUCHAR	Owner and Manager	Agrar Plus d.o.o.	Djordjevo	29/07/11
43	Bratislav STAMENKOVIC	Sector Lead Meat	DAI Office Nis	Nis	01/08/11
44	Milos STOJANOVIC	Administration Assistant	DAI Office Nis	Nis	01/08/11
43	Tanja BALABAN	Deputy Director	Municipality of Nis, Dept. AgDev	Nis	01/08/11
44	Masa BUBANJ	Country Director	HELP – Hilfe zur Selbsthilfe e.V.	Nis	01/08/11
45	Milena MIKIC	Director	MAK International	Nis	01/08/11
46	Nebojsa GOLUBOVIC	CFO	niska mlekar (Nis Dairy)	Nis	01/08/11
47	Armend ALIU	Office Manager	USAID FO Vranje	Vranje	02/08/11
48	Rexhep ILAZI	Business Development Director	DAI – Vranje Office	Vranje	02/08/11
49	Aziz MALICI	Director	AgroAdria d.o.o.	Bujanovac	02/08/11
50	Srdjan STOJKOVIC	Youth Grantee, Student	Strawberry farm	Bujanovac	02/08/11
51	Goran STAMENKOVIC	Owner and Manager, Grantee	Sampi-Co (mushrooms)	Zbevac	02/08/11
52	Nenad STANOJEVIC	Deputy Manager	Adonis d.o.o. (tea and herbs)	Sokobanja	03/08/11
53	Slavisa TODOROVIC	Owner and Manager	DIS Todorovi (dairy)	Razanjanj	03/08/11
54	Ana VUKICEVIC	Product and Quality Manager	Aroma 1990	Krusevac	03/08/11
55	Dobrivoje STANCIC	Component Manager, Municipal M.	UNOPS	Prokuplje	04/08/11
56	Vesna JEFTOVIC	Director & Nis Ass. Biz Women	Hera	G. Trnava	04/08/11
57	Milan VIDOJEVIC	Owner	Mlekera Lazar d.o.o.	Blace	04/08/11
58	Miodrag TOMIC	Owner	DESING	Knjazevac	04/08/11
59	Milorad MLADENOVIC	Major's assistant project mgmt	Leskovac City	Leskovac	05/08/11
60	Bratislav CVETKOVIC	Director	ALER, Agency local economic dev.	Leskovac	05/08/11
61	Predrag RANIC	Program Manager Ag. & Rural Dev.	ALER, Agency local economic dev.	Leskovac	05/08/11
62	Dragoslav JOVANOVIC	Owner and Manager	Fungo-jug	Leskovac	05/08/11

63	Valentina STANKOVIC	Manager (and daughter)	Fungo-jug	Leskovac	05/08/11
64	Miodrag NEDELJKOVIC	Owner and Manager	Strela d.o.o.	Leskovac	05/08/11
65	Aleksandra PROKOPOVIC	Sales Manager	Strela d.o.o.	Leskovac	05/08/11
66	Tanja NIKOLIC	Manager & Ass. Women Entrepren.	S.M.R. SRBIJA / Mesara Srbija	Leskovac	05/08/11
67	Sasa MARUSIC	Berry Fruit Sector Lead	DAI – Cacak Office	Cacak	08/08/11
68	Marijana BOZIC	Gender Advisor & Regional Adm.	DAI – Cacak Office	Cacak	08/08/11
69	Cane JOVANOVIC	Owner	POLO, Product of Nature	Cacak	08/08/11
70	Aleksandar LEPOSAVIC	President "Serbian Blueberry"	Association "Serbian Blueberry"	Cacak	08/08/11
71	Mirjana NIKOLIC	Assistant Director Com. Business	Agropartner d.o.o	Lucani	09/08/11
72	Radojko LUKOVIC	Director	Agricultural Innovation	Arilje	09/08/11
73	Mirjana MILINKOVIC	Manager	Arilje SME Association	Arilje	09/08/11
74	Momeilo VRATONIC	Director	Berry PO "Vilamet"	Ivanjica	10/08/11
75	Nikola DUGALIC	President	Berry PO "Boras"	Raska	10/08/11
76	Bogdan CULIBRK	Export Manager Germany	Berry PO "Boras"	Raska	10/08/11
77	Milan DIMITRIJEVIC	Member of the Board	Berry PO "Boras"	Raska	10/08/11
78	Suada MEHMEDOVIC	Director	ZZ Modern Sandzak	Novi Pazar	10/08/11
79	Sead ADILOVIC	Manager	ZZ Crkvine	Tutin	10/08/11
80	Edin KALAC	Chief of Local Economic Dev	City of Novi Sad	Novi Pazar	11/08/11
81	Fahrudin KONICANIN	SME, Rural Dev. and Tourism	City of Novi Sad	Novi Pazar	11/08/11
82	Nedina ADEMOVIC	Director	Ademovic d.o.o.	Novi Pazar	11/08/11
83	Nasim ADEMOVIC	Sales & Export	Ademovic d.o.o.	Novi Pazar	11/08/11
84	Ersin MALICEVIC	General Manager	Turkovic d.o.o.	Sjenica	11/08/11
85	Senko ROZAJAT	Economist	Turkovic d.o.o.	Sjenica	11/08/11
86	Dagfinn MOE	Team Leader	PSD Project in Southern Serbia	Belgrade	11/08/11
87	Goran KRUNIC	Director and Owner	Mondi Serbia d.o.o.	Vrdila	12/08/11
88	Vladimir POLUGIC	Account Manager	Mondi Serbia d.o.o.	Vrdila	12/08/11
89	Ivan DJUNKIC	Director and Farmer	ZZ Prima Borovnica	Belanovica	12/08/11
90	Ahmet HALILAGIC	Market Director	DAI - PPES	Novi Pazar	12/08/11
91	Milos MILOVANOVIC	Assistant Minister	MATFWM	Belgrade	15/08/11
92	Ivan PERCIC	Director and Owner	SUNCOKRET	Belgrade	15/08/11
93	Michael METZLER	Acting Office Director for Economic and Grants Office	USAID Mission	Belgrade	16/08/11
94	Djordje BOLJANOVIC	Program Management Specialist COTR) for SAP project	USAID Serbia and Montenegro	Belgrade	16/08/11
95	Remer Lane	Ex- Marketing & Sales (SAP)	(Skype call to US) (1.5 hours)	--	17/08/11

ANNEX C:

List of Materials Consulted

ANNEX C: List of Materials Consulted

1	Original Copy of Project Award RFP/SOW (Sept 07)
2	SOW Amendment – 00004-00 (Sept10)
3	SOW Amendment – 00004-05 (Sept10)
4	SAP – Work Plan – Year 1 (Sept 07 – Sept 08)
5	SAP – Work Plan – Year 1 – Project Indicators
6	SAP – Work Plan – Year 2 (Oct 08 – Sept 09) + Annexes
7	SAP – Work Plan – Year 2 – Annex 1 – Work Plan Results vs PMP Chart
8	SAP – Work Plan – Year 2 - Project Indicators
9	SAP – Work Plan – Year 3 (Oct 09 – Sept 10) + Annexes
10	SAP – Work Plan – Year 4 (Oct 10 – Sept 11) + Annexes
11	SAP – PMP – Year 1 (5 June 08)
12	SAP – PMP – Year 2 (Oct 08 – Sept 09) (Dated 10 Sept 08)
13	SAP – PMP – Year 3 (Oct 09 – Sept 10)
14	SAP – PMP – Year 4 (Oct 10 – Sept 11)
15	SAP – Year 1 - Results vs. PMP Indicators
16	SAP – Year 2 - Results vs. PMP Indicators
17	SAP – Year 3 - Results vs. PMP Indicators
18	SAP – Approved Status of Grants Excel Sheet (28June11)
19	SAP – Grants Manual – (28Aug2009)
20	SAP - Project Budget Realignment Justification Document
21	SAP – Realignment Budget 1
22	SAP – Realignment Budget 2
23	‘Strategic Agriculture Analysis’ – Pub. V.I. P News Services - (21July2011)
24	SAP - ‘Grants to Support Women Entrepreneurship in Agribusiness’
25	SAP – ‘Annual Client Impact Survey Questionnaire’ - Template
26	SAP – Periodic Reports for Years 1,2,3 & 4
27	SAP – Commodity Action Plan – Berries (June2008)
28	SAP – Commodity Action Plan – Dairy (June2008)
29	SAP – Commodity Action Plan – Livestock (June2008)
30	SAP – Commodity Action Plan – Mushrooms (June 2008)
31	SAP – Commodity Action Plan – Tree Fruits (June 2008)
32	SAP – Commodity Action Plan – Vegetables (July 2008)
33	SAP – Value Chain Assessment - Berry (June 2008)
34	SAP – Value Chain Assessment - Dairy (June 2008)
35	SAP – Value Chain Assessment - Grapes (January 2010)
36	SAP – Value Chain Assessment - Herbs (June 2008)
37	SAP – Value Chain Assessment - Livestock (September 2008)
38	SAP – Value Chain Assessment - Tree Fruit (No date)
39	SAP – Value Chain Assessment - Vegetables (June 2008)
40	SAP – Consultants Reports – Years 1,2,3 & 4
41	SAP – Project Organization Charts (2009, 2010, 2011)
42	SAP – Active Client List (Excel Sheet)
43	MAFWM – ‘National Agricultural Program for Republic of Serbia 2010 – 2013’- (April 2010)
44	Government of Serbia – Law of Public Warehouses for Agricultural Products – Adopted 29 May 2009
45	SAP Policy Study – Business Environment & Competitiveness (May 2008)
46	SAP Policy Study – Effects of Tariff Liberalization on Agriculture (No date)
47	SAP Policy Study – Impact of Financial Crisis on Agriculture (April/May 2009)

48	SAP Policy Study – Study on the Impact of Hail on Agriculture (2011)
49	SAP Policy Study – The Serbian Cold Chain for Fruits & Vegetables (April 2009)
50	MOU between USAID and Embassy of Denmark including Annex 1 - (27May2011)
51	'Fruit & Vegetable Sector Study for the IPARD Programme for Serbia' - prepared for MAFWM (June 2010)
52	World Bank Doing Business in Serbia Report 2011

ANNEX D:

Evaluation Mission Statement of Work

Solicitation Number: SOL-169-11-000002

SECTION C – DESCRIPTION / SPECIFICATIONS/STATEMENT OF WORK

C.1 BACKGROUND

Agriculture is one of Serbia's most promising sectors for near-term growth in exports, incomes and jobs. Agricultural production and processing generates about 20% of Serbia's exports and approximately 30% of its GDP, and is the only sector with a positive trade balance. It also continues to be the largest private sector employer in the country.

In 2009, Serbia's agricultural GDP reached RSD 224.9 billion (\$3.33B), which was an 11 % increase over the 2007 level of RSD 202.4 billion (\$3.46B)¹. During the same period, significant growth in the production of cereals was recorded (cereal production increased from a 25% to a 34.2% share in total agricultural production during this period).

In the recent past, the share of agriculture in Serbia's GDP has been approximately 10%, with more than 20% of employment coming from agriculture and the food industry. The share of the national budget devoted to agriculture was 2.2% in 2010. The structure of agricultural production is as follows: crop production (69.3%), and livestock breeding (30.7%). Crop production is dominated by cereals, in particular corn and wheat. The production levels in 2010 were 7.2 million tons of corn, and 1.6 million tons of wheat. Also, in 2010 Serbia had significant production of sugar beets (3.3 million tons) and potatoes (887.4 thousand tons). In the fruit sector, the largest production volumes are in plums (426.8 thousand tons), and apples (239.9 thousand tons), while the berry fruit sector is dominated by raspberries with a volume of 83.9 thousand tons in 2010.

Although Serbia has a positive foreign trade balance in agriculture, raw materials and semi-processed products are the predominant export commodities. The three most important agricultural export commodities in 2010 were: corn (\$335 million, ~15% of the value of all agricultural exports), sugar (\$185 million, ~8% of the value of all agricultural exports), and raspberries (\$169 million, ~7.5% of the value of all agricultural exports).

Between 2001 and 2008, Serbia recorded a relatively constant increase in agricultural and food exports and imports, with exports rising at an average rate of 26%, and imports rising by 13.4%. Despite the global financial crisis, Serbia continued to maintain a trade surplus for agriculture and food products in 2009. Agricultural exports amounted to \$1.9 billion (app 23% of total exports), while imports totalled only \$1.3 billion (app. 8% of total imports), yielding a surplus of \$637 million. The surplus in 2010 was almost doubled compared with the previous year, and it amounted to \$1.2 billion.

Despite this growth, agriculture production in Serbia, particularly value-added processing, remains well below its potential as a result of limited access to international markets, poor rural infrastructure, outdated production techniques and limited technological innovation. Anticipated European Union and World Trade Organization accession, however, is accelerating agricultural modernization. In preparation for accession, Serbia has been restructuring its agricultural sector by reducing import tariffs, phasing out subsidies, and shifting to a market economy. As it liberalizes the sector, Serbia faces an increasingly competitive environment in international markets, requiring that it meet international food safety and environmental standards. If it can successfully enter these markets, agricultural exports will continue to grow and local agricultural products should be able to successfully compete with the growing number of imported food products. With its large workforce and positive trade balance, agriculture can continue to deliver broad-based economic growth in Serbia and contribute to balancing the trade deficit.

Realizing this potential will require significant upgrades to existing agricultural-based enterprises and genuine reform in the regulatory and legal framework governing the sector. Most Serbian agricultural firms do not currently access international markets and, therefore, have a limited understanding of the competitive landscape, legal framework, regulations, and standards in those markets. Ensuring they have the skills and knowledge they need to successfully navigate these markets requires a wholesale change in the provision of agricultural business development services to these firms, particularly to Serbian agribusinesses, which are at the forefront of the country's international trade in value-added agricultural production. Such changes also require a supportive regulatory and legal framework that incentivizes the innovation and risk-taking necessary for successful entry into new and competitive markets.

The USAID Agribusiness Project

USAID's Agribusiness Project was designed to support these changes. To improve the international competitiveness of Serbian agribusinesses, USAID provides complementary assistance at the enterprise, producer association and policymaking levels. Direct assistance to private enterprises and producer groups assists them in improving their understanding of international markets and capacity to successfully access those markets, while policy interventions support this work by addressing complex agricultural legal, regulatory and infrastructure issues that inhibit private enterprise competitiveness and growth.

This work is done in six targeted agribusiness sub-sectors in which Serbia has a comparative advantage and, as a result, have the potential to realize significant growth in exports, jobs and investments with targeted interventions:

□ **Berry Fruit:** The berry fruit sector in Serbia represents an industry worth about \$300M annually, with about 85% of the production being destined for export. Berry production is concentrated in South-Western Serbia, centered around Arilje, and approximately 80,000 rural households are involved in berry production. The Agribusiness project is assisting berry producers and processors to add fresh production to their product mix, which will increase the overall berry sales for Serbia and provide added value to the local processing.

□ **Dairy Products:** The dairy sector represents the largest agricultural sector by value in Serbia. Dairy production at the farm level was valued at about \$750M in 2007, while the value at the processing level was about \$1.6 billion. Foreign trade in dairy accounts for about 4% of the value of the Serbian dairy industry, and the industry represents about 17% of the value of the overall agricultural sector. The Agribusiness project is focused on promoting sales gains, in both the domestic and export markets for high-value processed dairy foods such as Kackaval cheese, kajmak, flavoured yogurts, and feta cheese.

□ **Herbs & Mushrooms:** The total value of herb & mushroom industry in Serbia is approximately \$150 million, with exports estimated at another \$50 million. This subsector provides seasonal employment for as many as 50,000 persons, including harvesters/collectors (mostly unemployed rural poor) and the employees of processing firms. The Agribusiness project has focused on assisting herb & mushroom processors to enter new markets, introduce new products, and to add more value to Serbian exports.

□ **Livestock/Meat:** This subsector is one of the most valuable in Serbia's agricultural economy, accounting for over \$1B of the \$6B agricultural GDP in 2007. Initially the Project focused on animal production, to assist Serbia to fulfill its EU export quota for baby beef. In Year Three the project shifted the focus to meat processors, since Serbia and the ex-Yugoslav countries account for 98% of the overall meat market. The focus is now on assisting processors to improve their product quality and marketing skills, and to enter new domestic and export markets.

□ **Tree Fruit:** Serbia produced 1.4M tons of tree fruit in the 2009 harvest, which had a total value of approximately \$290M, with exports of \$115M of fresh and value-added tree fruit products. The

Agribusiness project is working with producers and cold stores to increase their efficiency, and the quality of their products, to reduce their costs and increase the value they receive for their products. The project is also assisting client companies to add more value to their products, thus increasing the income for Serbia and Serbian farmers.

□ **Vegetables:** Of all the subsectors, fresh and processed vegetables have the most potential to respond to market opportunities rapidly, because of their shorter growing season. Being labor intensive, this sub-sector also provides income for more than 50,000 seasonal workers. The strategy of the Agribusiness project is to foster economic growth for the Serbian vegetable industry by responding to sales opportunities, both domestic and export. This will be done with improved products & packaging, reduced post-harvest losses, and extended growing seasons.

The envisioned results attributable to the project include:

- Increased agricultural GDP;
- Increased value of agricultural exports; and
- Increased employment in agricultural processing and services.

The Agribusiness Project is composed of two components, both of which are supported by a grants program.

Component 1: Increased efficiency and competitiveness of Serbian agribusiness

The Agribusiness Project's overall goal is to increase the efficiency and competitiveness of Serbian agribusiness enterprises in high potential sub-sectors by increasing their access to and utilization of agribusiness development services (ABDS). Activities implemented through this component support the private and sustainable provision of market-based ABDS services to agribusinesses by producer organizations (cooperatives and associations), business associations, private firms, government extension centers, and/or agricultural institutes. These services include technical, management, financial, accounting and marketing consultancy, analysis and advice.

In addition to assistance for ABDS providers, the project is strengthening existing producer organizations (cooperatives, associations, farm groups) in high potential sub-sectors, enabling them to use the pooled resources and productive capacities of their individual members to achieve scale production to meet the demands of international markets. Activities in this component include follow-on assistance to producer organizations and farmer groups that have received Serbian Ministry of Agriculture assistance in the past, or that participated in previous USAID programs. The Agribusiness Project's assistance continues to focus on building selected organizations into competitive agribusiness firms, capable of responding to market opportunities and delivering effective ABDS to their members long after the project has ended.

Youth Enterprise Program

Because efforts to increase the efficiency and competitiveness of Serbian agribusiness are enhanced by incorporating the energy and creativity of youth, the project encourages youth involvement in agribusiness through a youth agribusiness enterprise program. The program introduces young people to agribusiness technical, financial, and business management principles. One of the main components within the program is the provision of technical assistance and mentoring to individual youth entrepreneurs to assist them in developing their detailed business and investment plans. These entrepreneurs are chosen through a competitive process and, if successful, receive business start-up grants.

Youth agribusiness enterprise program activities include the following:

- Developing and implementing youth agribusiness enterprise programs with Junior Achievement Serbia;

- Developing a complementary youth agribusiness plan competition;
- Receiving and evaluating initial concept applications; selecting applicants to receive follow-on assistance; and providing advice and mentoring to selected applicants to finalize their business plans;
- Evaluating, selecting, and mentoring youth grantees in business start-ups; and
- Exploring opportunities for other complementary activities, such as networking, international exchange, business sponsorship and scholarships.

Component 2: Improved enabling environment for Serbian agribusiness

Increasing Serbian agribusiness efficiency and competitiveness requires an enabling regulatory and legal environment, which includes the provision of services that support market efficiency and transparency. Serbia is currently addressing a number of legal, policy, and regulatory issues in preparation for EU and WTO accession. The ability of the government to see this process through in a timely fashion is essential for expanding and maintaining market access and export competitiveness.

To this end, the project provides technical assistance to improve market information (annual crop and livestock production estimates, market prices); increase animal and plant health and food safety monitoring (including pest and disease surveillance, quarantine, testing, and inspection); strengthen regulatory oversight (licensing, labeling, certification); and advance legislative, policy and regulatory reform efforts. For example, the project supported the enactment of a new Cooperatives Law to enable the registration and supervision of producer associations and cooperatives as agribusiness enterprises. It also supported the implementation of a bonded warehouse receipts system to increase financial liquidity in the cereal crop market.

The project also provided support to specific public / private initiatives to improve the application of key laws, institutions and policies related to agribusiness competitiveness, and the formulation and application of international policies such as agriculture-related EU and WTO agreements. Activities under Component 2 include, but are not limited to:

- Assisting with legal, regulatory and policy reform initiatives and efforts that support agribusiness competitiveness;
- Carrying out studies and analyses as mutually agreed upon with USDA, public, and private sector partners; and
- Providing training to public and private sector employees in support of legal, policy and regulatory reforms.

Grants Program

Supporting and complimenting the project's objectives in Components 1 and 2 is a \$3 million grants program. As of January 2011, \$1.9 million was obligated into the program, of which \$1.2 million has been disbursed.

There are three major components to the grants program:

- **Investment Incentive Grants:** These grants are designed to increase the efficiency and competitiveness of Serbian agribusiness enterprises along the value chain in high-potential sectors by leveraging private investment in infrastructure, technology, value-added processing, and marketing by producer organizations, agribusiness firms, and ABDS providers. Investment incentive grants target producer organizations, ABDS providers and private enterprises.
- **Capacity building grants for producer organizations and ABDS providers:** These grants provide institutional support to non-profit and for-profit nongovernmental producer organizations and ABDS providers to improve their management and operational capacity. They are used to support the creation and capacity building of the targeted food industry associations and

producer organizations. These associations and organizations can operate at the national or the regional level, depending on the industry concentration in the region and the activities performed by the association.

These funds cover four primary areas of institutional support:

- Technical services to adopt new technologies and practices to promote increased productivity and efficiency;
- Management services to assist firms to develop business and operational plans, strategies, and new ways of working;
- Financial services to train firms in accessing credits and managing their financial accounting systems; and
- Marketing services to support firms in identifying and capitalizing on new market opportunities both at home and abroad and to finalize new sales.

Youth Enterprise Grants: The youth enterprise grants component is designed to encourage and promote youth entrepreneurship by supporting youth enterprise clubs, and informal educational approaches to provide practical skill training in agribusiness development and management. The program introduces young people (ages 15-24) to agribusiness technical, financial, and business management principles.

C.2 RELATIONSHIP TO USAID/SERBIA'S STRATEGY

USAID's overall development objective in Serbia is to support the country in its goal to be democratic, prosperous, and moving toward Euro-Atlantic integration. The mission's economic growth program directly supports this goal by targeting its assistance to create a more competitive market economy (Assistance Objective #1). The Agribusiness Project supports this effort through two of the economic growth program's four intermediate results (IRs):

- *IR 1.1: Enabling environment improved*
- *IR 1.2: Private enterprise growth increased in selected sectors*

When the Agribusiness Project was designed in 2007, one of the critical assumptions upon which it was based was that Serbia would be close to European Union membership by 2012 and that the USAID assistance program would be ready for phase-out at that time. By 2009, it was clear that EU membership was still several years off. In response, the mission amended its country strategy and extended it through 2015. Although this amended strategy for Serbia now supersedes the previous USAID strategy (which expired in September 2010), the two intermediate results that the Agribusiness Project was designed to achieve were carried over into the amended strategy.

C.3. OBJECTIVE

The contractor from USAID's Analytical Services Indefinite Quantity Contract will conduct a full and independent review of USAID/Serbia Agribusiness Project. The project began in September 2007 and is scheduled to end in September 2012. Its total estimated value is \$25.8 million² and it is being implemented by Development Alternatives Inc. The objective is to determine the effectiveness of activities implemented to date and identify any implementation problems that need to be corrected in the final year of the project.

Based on the information collected during the evaluation, the contractor should determine whether the project is achieving planned results and is on track to fully meet the project's objectives. The evaluation

will report on the current status of project activities, and determine whether the implementer will meet all the targets and objectives set forth in the project's scope of work by the end of the performance period.

Specifically, the evaluation will:

1. Analyze the overall impact of project assistance on Serbian agribusinesses in six selected sub-sectors;
2. Identify any unexpected obstacles to implementation and evaluate how effectively the project has responded to those obstacles (such as the global financial crisis);
3. Identify deficiencies in the design of the project and weaknesses in implementation (what worked, what didn't, and why);
4. Assess the effectiveness of the project's grant component in the achievement of intended results;
5. Evaluate and comment on the current implementation of the project's "Southern Strategy" into South Serbia and the Sandzak region;
6. Make specific recommendations on potential future USAID agriculture programming after the current project ends in September 2012.

Additionally, it is expected that the contractor will propose adjustments to current project strategy (if necessary) and provide recommendations for future agribusiness activities after the planned phase-out of the current project in September 2012. To the extent possible, the contractor should disaggregate findings and recommendations by sub-sector and analyze the relationships between resources available, resources used and results achieved to determine the specific cost effectiveness of USAID's agribusiness programming in each sub-sector, as well as the project as a whole. Wherever possible and practicable, the evaluation should disaggregate and assess separate outcomes and results by gender and targeted sub-sectors

C.4. EVALUATION ACTIVITY

The contractor will provide USAID/Serbia and Montenegro with an evaluation of the Agribusiness Project's results (achieved and planned) in Serbia from September 2007 to the present.

The specific tasks to be undertaken by the evaluation team to prepare the deliverables include:

- Review of the project's task order (original and modified).
- Review of all project reports and annual work plans.
- Review of the project's value chain assessments for six selected sub-sectors.
- Review of the project's grants manual.
- Review of the project's performance management plan (PMP).
- Review of USAID / Serbia and Montenegro's new 2011-2015 Amended Strategy and former 2005 - 2010 mission strategy.
- 2010-2013 National development plan for agriculture sector, Republic of Serbia 2011-2013 National rural development plan, Republic of Serbia
- Meeting with Development Alternative International's regional team in Washington, DC (phone).
- Meeting with USAID/Serbia and Montenegro's mission director, economic growth office director, program officer, Agribusiness COTR, and other USG representatives.
- Meeting with Agribusiness staff
- Meeting with government of Serbia, donor and private-sector counterparts and partners.
- Meeting with processors and producers assisted by the project in each region of the country.

Prior to arrival in Serbia, the contractor should first complete a desk study to understand the state of agribusiness in Serbia, particularly in the project's six targeted sub-sectors; and how Agribusiness activities have or have not addressed the challenges posed in these sub-sectors. Special attention during

the review should be paid how the project fits into the mission's former strategy (2005-2010) and current amended strategy (2011-2015).

To support this review, USAID Serbia will provide electronic copies to the contractor of all documents to be reviewed (listed above) one week prior to departure. The team should arrive in Serbia with a detailed draft workplan to be presented for mission review and approval. The workplan should include a detailed description of the methodology for carrying out the evaluation. In evaluating the impact / results achieved by the Agribusiness Project, questions that should be answered include (but are not limited to) the following:

Producer Groups and Organizations

- Has the project been successful in forming and strengthening producer groups and organizations, and has this directly resulted in an increase in their investments in large scale processing and storage equipment?
- Have producer groups or organizations supported by the project successfully increased agricultural product sales into new domestic and international markets as a direct result of that support and consistent with project targets? Have these increased sales led to the creation of new and sustainable jobs? Were sales and jobs created consistent with targets set in the project's performance monitoring plan?
- Is there any evidence that non-client producer groups and organizations were formed due to the demonstration effects of client groups and organizations being formed. If so, is there evidence that they were also successful in increasing product sales in new domestic and international markets?
- Are any of the producer groups and organizations formed by the project fully self-sustaining, both financially and operationally. If not, will they be the conclusion of the project? If not, why not?

Agricultural Business Development Services (ABDS)

- Has the project been successful in forming and/or strengthening the technical capacity of private-sector ABDS providers, and has this directly resulted in an increase in their number of clients and the fees they are able to charge them? If not, why not?
- Are agribusinesses willing to pay for those services that were formally provided by donors and/or the government? Is there real demand for these services at market prices?
- Is there any evidence that non-client ABDS providers were formed due to the demonstration effects of client groups and organizations being formed? If so, is there evidence that they were also successful in increasing clients and revenues?
- Are any of the ABDS providers formed by the project fully self-sustaining, both financially and operationally? If not, will they be the conclusion of the project? If not, why not?
- Has the project been successful in increasing the availability and usage of market information? Do you anticipate the quality or accessibility of this information decreasing once the project ends? If so, why?

Private Enterprises

- Have the private enterprises that have received project technical assistance been successful in accessing new markets, increasing sales, increasing investments and creating new jobs as a direct result of that support? If not, why not? If so, are these gains sustainable without future or ongoing project support?
- Does project technical assistance effectively position private enterprises to successfully access and compete in international markets through trade show participation and other activities?
- Have beneficiary enterprises within the project outperformed the sub-sector in which they operate in terms of job creation, investment and sales.

Youth

- Is there evidence that assistance provided to youth entrepreneurs resulted in a higher success rate of youth businesses than would have been otherwise occurred?
- Have successful youth enterprises in the program hired additional workers at a higher rate than non-project youth enterprises?
- Has program assistance targeting youth been more cost-effective in creating jobs and increasing sales than non-youth directed assistance?

South Serbia and Sandzak

- Has the project's South Serbia Strategy been effective to date? Is its current approach consistent with the targets it has set? Should it be adjusted? If so, how?
- What are the results-to-date? Should the project (or future projects) take a different approach in increasing agribusiness production and sales in South Serbia and Sandzak?

Monitoring

- Has the project done a good job of monitoring its projects, identifying areas of concern and quickly adjusting its approach to address these concerns?
- Do the PMP indicators for the project accurately indicate success in achieving the project's intended results? If not, why not? Are the targets for those indicators realistic and attainable?
- Has the project committed the necessary resources and attention to accurately measuring and monitoring its progress against project's intended outcomes and results?

While these illustrative questions should be used to guide the evaluation process, the evaluation itself should not be structured around directly answering these questions. Rather, it should be structured to address the degree to which the project attained the results it sought within each of the component areas and within each of the targeted sub-sectors. In doing so, it should pay special attention to how results differed between female and male project beneficiaries and project and non-project beneficiaries.

In addition to questions on specific component results, the evaluation should also take a broader look at the project and how it fits into the mission's new strategy, as well as the ever evolving regulatory and legal environment in Serbia. It should address the project's strategic fit, methodology, operating assumptions, budget levels, management approach and performance indicators.

Specifically, it should include answers to the following strategic and operational questions:

- Have sufficient resources (personnel, monetary, management, etc.) been allocated in each of the sub-sectors to achieve the targeted results? Has the project properly balanced the cost and benefits of engagement in each sub-sector and across all subsectors?
- Are there any gaps or needs in the six selected sub-sectors that the current project does not address? Should the project consider ending its work in any of the sub-sectors and/or selecting new sub-sectors at his point in the project?
- Within the limits of the project description, has the project properly addressed unforeseen changes in the environment (such as the economic crisis) and their impact on the ability of Serbian agribusinesses to access new and international markets? Has the project's response to these changes been effective? Were there any missed opportunities in the projects chosen response(s)?
- Is the implementing methodology and/or approach still effective in the project achieving the results outlined in the task order? If so, should any future agribusiness program beyond September 2012 employ the same approach? If not, what changes should be considered?
- Have project results differed based on the type of beneficiary targeted (youth, women, rural, small enterprises, etc). If so, how much of this difference is attributable to the project's approach rather than the characteristics of the intended beneficiary cohort?

- How successful has the project been in advocating for key regulatory and legislative changes that have resulted in a more competitive and enabling business environment for agribusiness production and export? Have any Serbian laws or regulations in support of Serbian agriculture / agribusiness production, changed as a direct result of project activities. What key regulatory and legislative changes still need to be changed?
- Based on what USAID / Serbia and Montenegro has accomplished through its agriculture and agribusiness programming to date, its current amended strategy, its interest in specifically addressing regional disparities in all of its economic growth programs and the budget constraints the mission is now facing moving forward, what agribusiness activities and sectors should the mission consider supporting after the planned completion of the current Agribusiness Project in September 2012?
- How much of an obstacle to agribusiness expansion into new markets, particularly international markets, is limited access to investment and/or working capital? Lack of collateral and registered property is often identified as main obstacle. As a result, commercial banks offer loans that agribusinesses still view as expensive. Can agribusinesses access conventional bank credits within the warehouse receipt system as a result of project support? Is the system self-sustainable? If not, will it be by the end of the project?

C.5. DELIVERABLES

The Contractor shall deliver the followings:

- Workplan:** A detailed workplan will be submitted, before arrival in country, to be approved by USAID, in which the methodology and activities of the evaluation are clearly stated. A first meeting or conference call will be held with USAID and the contractor to define and clarify roles, responsibilities, and actions before the impact evaluation starts.
- Evaluation:** Field work for the evaluation, including the out-brief, is estimated to *take 23 working days* in country and will be conducted according to the approved workplan.
- Draft Impact Evaluation Report:** A written report, with a three-page executive summary and body of *between 30–40 pages*, should be delivered to USAID/Serbia for comment prior to the contractor's out-briefing with mission management and departure from Serbia. The draft report and its executive summary shall include the evaluation's methodology, analysis, findings, and conclusions.
- Second Draft Impact Evaluation Report:** A second draft report will be submitted electronically to USAID/Serbia within five working days after departure from Serbia. This second draft will include the contractor further refinement of the evaluation and will incorporate and/or address specific issues raised during the mission out-briefing. USAID will have fifteen working days to submit its comments on the updated draft report.
- Final Impact Evaluation Report:** The contractor will have two days after receipt of USAID's comments to submit the final evaluation report. In addition, the Final Evaluation Report shall be accompanied by a Financial Report that describes in detail how contract funds were utilized.

C.6 PERIOD OF PERFORMANCE

This evaluation is expected to last a total of 39 days beginning o/a June, 2011 and ending o/a August 2011.

Tasks	Time (work days)
Preparation and Research (prior to arrival in country, includes draft of an initial workplan)	3 days
Round trip travel (US-Serbia-US)	3 days
Week 1 (6 days) in Belgrade, interviews with USAID Serbia; Agribusiness project sector leads; project clients located in Belgrade and Vojvodina ; relevant Government counterparts, USDA and other donors	6 days
Week 2 (6 days) – travel to Nis (South Serbia) . Interviews with project clients, ABDS providers; other donors present in the region;	6 days
Week 3 (5 days) – travel to Cacak (Central Serbia) and Novi Pazar (Sandzak) . Interviews with project clients, research institutes, project staff.	5 days
Week 4 (6 days) - interviews with USAID Serbia and project clients; Draft Report and Out-brief (Full draft report, including executive summary, and presentation to USAID/Serbia Mission)	6 days
Second Report due	5 days
Final Report due	2 days
Total LOE (including 3 days off)	39 days

END OF SECTION C

ANNEX E:

SAP: Annual Breakdown of Results Matrix

SAP Annual Breakdown of Results Matrix						
		2008	2009	2010	2011	TOTAL
COMPONENT 1 : Increased Efficiency & Competitiveness of Serbian Agribusiness						
<i>Objective 1.1 Strengthen Organizational Capacities of Producer Groups</i>						
1.1.1 - Number of producer organizations assisted as part of the USAID Agribusiness Project (disaggregated by geographic region, sub-sector, age of organization, and the size of producer organizations i.e. number of members)	Plan	30 (15)	20 (15)	20 (10)	20 (5)	110 (45)
	Actual	25	14	9	n/a ¹⁶	48
1.1.2 - Number of new members joining USAID Agribusiness Project-assisted producer organizations (disaggregated by gender and geographic region)	Plan	250	250	2500	2000	5000
	Actual	317	175	48	n/a	540
1.1.3 - Total \$ value of member sales through SAP assisted producer organizations	Plan	\$300k	\$1.0m	\$2.0m	\$5.0m	\$8.3m
	Actual	\$1.05m	\$1.12	\$15.3m	n/a	\$17.47
1.1.4 – Average Score of assisted producer organizations on the Organizational Capacity Assessment Tool	Plan	n/a	2.42	3.00	3.00	n/a
	Actual	n/a	2.42 (baseline)	3.21	n/a	n/a
<i>Objective 1.2 Strengthen Agribusiness Development Service (ABDS)delivery</i>						
1.2.1 - Number of Agribusiness Development Service (ABDS) firms benefiting directly from USAID Agribusiness Project assistance disaggregated by the gender of owner or general manager, type of ABDS, and geographic region)	Plan	20	20	20	20	80
	Actual	8	31	20	n/a	59

¹⁶ n/a = not available

SAP Annual Breakdown of Results Matrix

		2008	2009	2010	2011	TOTAL
1.2.2 - Number of new ABDS started with USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, and geographic region)	Plan	1	2	5	7	15
	Actual	0	0	0	n/a	0
1.2.3 - Total dollar value of new revenues generated from ABDS providers as a result of USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, type of service, and geographic region)	Plan	\$50k	\$100k	\$100k	\$150k	\$400k
	Actual	\$20k	\$445k	\$504k	n/a	\$969k
1.2.4 - Client satisfaction rating by firms of the availability and quality of agribusiness development services by region disaggregated by the gender of owner or general manager, type of firm, and geographic region)	Plan	4	4	4	4	16
	Actual	5	4.16	4.24	n/a	n/a
1.2.5 - Number of producers/processors who have received credit as a result of Project assistance (disaggregated by the gender of borrower, landing institution, subsector, and geographic region)	Plan	20	30	30	40	120
	Actual	3	2	3	n/a	8
1.2.6 - Total dollar value of credits received by producers/processors as a result of Project assistance (disaggregated by the gender of borrower, landing institution, sub-sector, and geographic	Plan	\$160k	\$240k	\$240k	\$320k	\$960k
	Actual	\$2.5m	\$1.0m+	\$160k	n/a	\$3.66m

SAP Annual Breakdown of Results Matrix							
		2008	2009	2010	2011		TOTAL
region)							
Objective 1.3 Encourage Youth involvement in agribusiness through the Youth Enterprise Program and Business Plan Competition							
1.3.1 - No. of Youth Business Plan Winners (disaggregated by the gender of owner or general manager & geographic region)	Plan	10	12	15	15		52
	Actual	0	7	9	n/a		16
1.3.2 - No. of youth-led businesses participating in USAID Agribusiness project (disaggregated by the gender of owner or general manager, sub-sector, and geographic region)	Plan	20	25	30	30		105
	Actual	5	7	9	n/a		21
1.3.3 - No. of youth-led successful / operational businesses initiated thanks to USAID Agribusiness Project (disaggregated by the gender of owner or general manager, sub-sector, and geographic region)	Plan	10	12	15	15		52
	Actual	0	4	12	n/a		16
Objective 1.4 Increase Value Chain and/or Cluster Competitiveness							
1.4.1 - Number of farmers and firms accessing new technologies that enhance productivity, production, and quality with the support of Investment Incentives Grants (disaggregated by the gender of owner or general manager, type of technology, and geographic region)	Plan	100	150	250	500		1000
	Actual	0	23	13	n/a		46
1.4.2 - Number of international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, Organic, etc.) introduced	Plan	n/a	TBD	TBD	TBD		n/a
	Actual	5	28	50	n/a		83

SAP Annual Breakdown of Results Matrix							
		2008	2009	2010	2011		TOTAL
to and/or adopted by agribusinesses thanks to USAID Agribusiness Project (disaggregated by the sub-sector and the type of certificate)							
COMPONENT 2 : Improved Enabling Environment for Serbia Agribusiness							
Objective 2.1 Improve Crop & Livestock Production Estimates & Market Price & Environment Information							
2.1.1 - Reliable crop / livestock production, in-country consumption & market price information system operating within MAFWM	Plan	4	1	1	1		7
	Actual	2.57	3.38	3.76	n/a		n/a
2.1.2 Surveys of USAID Agribusiness Project's focal sub-sectors implemented in conjunction with the MAFWM and with FAO support	Plan	1	2	2	2		7
	Actual	6	3	3	n/a		14
2.1.3 - Number of producers, firms and producer organizations trained in the use of market information, production and in-country consumption data for strategic planning, farm management, and business decision making (disaggregated by the gender of trainee, type of training, and geographic region)	Plan	25	50	75	50		200
	Actual	n/a	299	266	n/a		565
2.1.4 - Introduction of an operational Environmental Information System (EIS)	Plan	4	1	1	1		7
	Actual	n/a	n/a	n/a	n/a		n/a
Objective 2.2 Promote Legal, Policy and Regulatory Reform							
2.2.1 - No. of strategy papers prepared on policy related issues as a result of SAP activities (disaggregated by the type of	Plan	2	4	5	2		13
	Actual	3	8	7	n/a		18

SAP Annual Breakdown of Results Matrix							
		2008	2009	2010	2011		TOTAL
reform/policy, EU and/or international principles and rules, and sub-sector).							
2.2.2 - No. of policy reforms implemented as a result of SAP (disaggregated by the type of reform/policy, EU and/or international principles and rules, and sub-sector).	Plan	1	1	1	1		4
	Actual	1	3	2	n/a		6
COMPONENT 3: Establish and Manage USAID Agribusiness Project Grants Program¹⁷ (started with \$5.2m & reduced to \$3.0m from Year 2)							
Objective 3.1 Implement Investment Incentive Grants Program (to support Objectives 1.1, 1.2, 1.3, 1.4) - (started Year 1)							
3.1.1 - Number of investment incentive grants disbursed under USAID Agribusiness Project including youth enterprise grants (disaggregated by the gender and age of grantee, type of grant, and geographic region)	Plan	20	40	45	45		150
	Actual	0	20	72	29		121
3.1.2 - Dollar value of investment incentive grants disbursed under USAID Agribusiness Project (disaggregated by the gender and age of grantee, type of grant, and geographic region)	Plan	\$300k	\$800k	\$800k	\$800k		\$2700k
	Actual	0	£128k	\$782k	\$626k		\$1536
Objective 3.2 Capacity Building Grants for Producer Organizations & ABDS Providers - (started Year 2)							
3.2.1 - Number of capacity building grants disbursed under USAID Agribusiness Project (disaggregated by the type of grantee, and the purpose of a grant)	Plan	n/a	25	25	25		75
	Actual	4	9	4	5		22
3.2.2 - Dollar value of capacity building grants disbursed under USAID Agribusiness Project	Plan	n/a	\$300k	£300k	\$300k		\$900k
	Actual	\$100k	\$231k	\$141k	\$120k		\$592k

¹⁷ This was the original title of Component 3 in Year 1 Work Plan. From Year 2 it became an objective under the revised Component 3: Agribusiness Program management

SAP Annual Breakdown of Results Matrix							
		2008	2009	2010	2011	TOTAL	
(disaggregated by the type of grantee, and the purpose of a grant)							
Objective 3.3 Enabling Grants (to support Objectives 2.1 and 2.2)							
3.3.1 - Number of Enabling Grants (policy issues) disbursed under USAID Agribusiness Project (disaggregated by the type of grantee and purpose of a grant)	Plan	7	20	20	15		62
	Actual	n/a	n/a	n/a	n/a		n/a
3.3.2 - Dollar value of Enabling Grants (policy issues) disbursed under the USAID Agribusiness project (disaggregated by the type of grant and purpose of a grant)	Plan	\$200k	\$600k	\$600k	\$400k		\$1800k
	Actual	n/a	n/a	n/a	n/a		n/a
Objective 3.4 Implement Incentive Investment Grants Program – (Youth Enterprise Grants)							
3.4.1 - No. of Investment Incentive Grants - (Youth Enterprise Grants)	Plan	n/a	n/a	n/a	n/a		n/a
	Actual	0	7	9	n/a		16
3.4.2 - Dollar value of Investment Incentive Grants (Youth Enterprise Grants)	Plan	n/a	n/a	n/a	n/a		n/a
	Actual	0	\$90k	\$113k	n/a		\$203

n/a = not available

ANNEX F:

SAP: Overall Monitoring & Evaluation Matrix

SAP Overall Monitoring and Evaluation Matrix
Period of Performance: September 2007 – August 2011¹⁸

	Performance Indicators	Level of Achievement (Actual)¹⁹	Sources of Verification	Comments/ Reasons for Deviation (if any)
COMPONENT 1: INCREASED EFFICIENCY & COMPETITIVENESS OF SERBIAN AGRIBUSINESS				
1.1	Strengthen Organizational Capacity of Producer Groups			
1.1.1	Number of producer organizations assisted as part of the USAID Agribusiness Project (disaggregated by geographic region, sub-sector, age of organization, and the size of producer organizations i.e. number of members)	Revised figures achieved	PMPs, Periodic Reports	Revision of targets became necessary as only legally registered POs had been taken into consideration.
1.1.2	Number of new members joining USAID Agribusiness Project-assisted producer organizations (disaggregated by gender and geographic region)	Results not achieved, especially not in Y3	PMPs, Periodic Reports	Farmers not willing and/or able to pay annual fees (association) or insert capital up front (cooperatives)
1.1.3	Total dollar value of member sales through USAID Agribusiness Project assisted producer organizations (disaggregated by gender and market i.e. domestic / international)	Results achieved	PMPs, Periodic Reports	Problematic indicator as there is no direct link between the assistance and the beneficiary's sales figures, especially as the performance indicators changed from year to year
1.1.4	Average Score of assisted producer organizations on the Organizational Capacity Assessment Tool	Results achieved	PMPs, Periodic Reports	Again a problematic indicator as OCAT is based on a self-assessment approach and therefore not necessarily reliable
1.2	Strengthen Agribusiness			

¹⁸ Although the period covered by the evaluation is from September 2007 to August 2011 quantitative data is not available for Year 4 as the results have not yet been accumulated or disseminated. The Evaluation Team is therefore only able to comment on actual recorded data by the SAP.

¹⁹ Defined as aggregate performance of Years 1,2 & 3.

SAP Overall Monitoring and Evaluation Matrix
Period of Performance: September 2007 – August 2011¹⁸

	Performance Indicators	Level of Achievement (Actual)¹⁹	Sources of Verification	Comments/ Reasons for Deviation (if any)
	Development Services (ABDS) delivery			
1.2.1	Number of Agribusiness Development Service (ABDS) firms benefiting directly from USAID Agribusiness Project assistance disaggregated by the gender of owner or general manager, type of ABDS, and geographic region)	Cumulative results achieved	PMPs, Periodic Reports	Close cooperation with ABDS firm
1.2.2	Number of new ABDS started with USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, and geographic region)	Not achieved, as no new ABDS firms achieved	PMPs, Periodic Reports	Small service market and limited efforts by SAP to encourage interested / hired consultants to set-up new consultancies.
1.2.3	Total dollar value of new revenues generated from ABDS providers as a result of USAID Agribusiness Project assistance (disaggregated by the gender of owner or general manager, type of ABDS, type of service, and geographic region)	Cumulative figures exceed plan	PMPs, Periodic Reports	Again a problematic indicator as new revenues are calculated on the self-declaration by the ABDS
1.2.4	Client satisfaction rating by firms of the availability and quality of agribusiness development services by region disaggregated by the gender of owner or general manager, type of firm, and geographic region)	Results achieved	PMPs, Periodic Reports	Companies which received SAP assistance, often in the form of support through ABDS providers, were asked later to publicly comment on their level of satisfaction; not unsurprisingly this kind of feedback tended to be positive..
1.2.5	Number of producers/ processors who have received credit as a result of Project assistance (disaggregated by the gender of borrower,	Results not achieved	PMPs, Periodic Reports	Global financial crisis, but SAP also made no considerable effort to make agribusinesses “bankable”

SAP Overall Monitoring and Evaluation Matrix
Period of Performance: September 2007 – August 2011¹⁸

	Performance Indicators	Level of Achievement (Actual)¹⁹	Sources of Verification	Comments/ Reasons for Deviation (if any)
	landing institution, subsector, and geographic region)			
1.2.6	Total dollar value of credits received by producers/ processors as a result of Project assistance (disaggregated by the gender of borrower, landing institution, sub-sector, and geographic region)	Cumulative results achieved despite weak Y3	PMPs, Periodic Reports	SAP made no considerable efforts to assist clients; partly clients were not aware of SAP possible support
1.3	Youth Enterprise Program & Business Plan Competition			
1.3.1	No. of Youth Business Plan Winners (disaggregated by the gender of owner or general manager & geographic region)	Results just partly achieved.	PMPs, Periodic Reports	Mainly due to insufficient number of quality business proposals
1.3.2	No. of youth-led businesses participating in USAID Agribusiness project (disaggregated by the gender of owner or general manager, sub-sector, and geographic region)	Results not achieved	PMPs, Periodic Reports	Evidence appears to suggest that there are simply not enough youth-led businesses in Serbia at the present time
1.3.3	No. of youth-led successful / operational businesses initiated thanks to USAID Agribusiness Project (disaggregated by the gender of owner or general manager, sub-sector, and geographic region)	Results not achieved	PMPs, Periodic Reports	There still appears to be resistance among young people in Serbia to start a business so initial targets probably over-estimated level of responses for support from SAP to set one up
1.4	Increased Value Chain and/or Cluster Competitiveness			
1.4.1	Number of farmers and firms accessing new technologies that enhance productivity, production, and quality with the support of	Results not achieved	PMPs, Periodic Reports	Complicated procedures and not sufficient SAP budget; if 500 beneficiaries should have received an investment incentive grant of around \$ 6,500 each within the first 3 years, then the project would

SAP Overall Monitoring and Evaluation Matrix
Period of Performance: September 2007 – August 2011¹⁸

	Performance Indicators	Level of Achievement (Actual)¹⁹	Sources of Verification	Comments/ Reasons for Deviation (if any)
	Investment Incentives Grants (disaggregated by the gender of owner or general manager, type of technology, and geographic region)			have needed \$ 3.25 million for their grants
1.4.2	Number of international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, Organic, etc.) introduced to and/or adopted by agribusinesses thanks to USAID Agribusiness Project (disaggregated by the sub-sector and the type of certificate)	No evaluation as plan figures never proposed by the SAP team	PMPs, Periodic Reports	For unknown reasons no plan figures have ever been fixed. However there was a sharp increase in numbers and in Year 3 the number was 10 times higher than in Year 1.
COMPONENT 2: IMPROVED ENABLING ENVIRONMENT FOR SERBIAN AGRIBUSINESS				
2.1	Improve Crop & Livestock Production Estimates & Market Price & Environment Information			
2.1.1	Reliable crop / livestock production, in-country consumption & market price information system operating within MAFWM	Results achieved	PMPs, Periodic Reports	Targets exceeded for first 3 years but indicator difficult to calculate and questionable correlation with the indicator itself
2.1.2	Surveys of USAID Agribusiness Project's focal sub-sectors implemented in conjunction with MAFWM and with FAO support	Results achieved	PMPs, Periodic Reports	Achieved in collaboration with other key stakeholders
2.1.3	Number of producers, firms and producer organizations trained in the use of market information, production and in-country consumption data for strategic planning, farm management, and business decision making (disaggregated by the gender of trainee, type of	Results achieved	PMPs, Periodic Reports	Targets well exceeded due to strong demand

SAP Overall Monitoring and Evaluation Matrix
Period of Performance: September 2007 – August 2011¹⁸

	Performance Indicators	Level of Achievement (Actual)¹⁹	Sources of Verification	Comments/ Reasons for Deviation (if any)
	training, and geographic region)			
2.1.4	Introduction of an operational Environmental Information System (EIS)	Not achieved	PMPs, Periodic Reports	Environmental Protection Agency didn't have capacity or budget to implement
2.2	Promote Legal, Policy & Regulatory Reform			
2.2.1	No. of strategy papers prepared on policy related issues as a result of SAP activities (disaggregated by the type of reform/policy, EU and/or international principles and rules, and sub-sector).	Achieved	PMPs, Periodic Reports, TAMIS records	The project successfully prepared and disseminated a wide range of policy papers for review and consideration by key decision-making bodies in Serbia
2.2.2	No. of policy reforms implemented as a result of SAP (disaggregated by the type of reform/policy, EU and/or international principles and rules, and sub-sector).	Achieved	PMPs, Periodic Reports, Official Gazette of the Republic of Serbia	The project was instrumental in influencing important legislation such as the 'Law on Public Warehouses for Agricultural Products' increasing access to finance for farmers
COMPONENT 3: ESTABLISH & MANAGE USAID AGRIBUSINESS PROJECT GRANTS²⁰ (started with \$5.2m & reduced to \$3.0m from Year 2)				
3.1	Implement Investment Incentive Grants Program (to support Objectives 1.1, 1.2, 1.3, 1.4) - (started Year 1)			
3.1.1	Number of investment incentive grants disbursed under USAID Agribusiness Project including youth enterprise grants (disaggregated by the gender and age of grantee, type of grant, and geographic region)	Cumulative target almost met	SAP - Approved Status of Grants Excel Sheets (June 2011)	The main recipients of grants were private companies assisted with international standards certification (ISO, HACCP, GlobalGAP) which contributed to some degree to jobs being created and additional sales being achieved.
3.1.2	Dollar value of investment incentive grants disbursed under USAID Agribusiness Project (disaggregated by	Revised targets not met	SAP - Approved Status of Grants Excel	Annual targets reduced to be more in line with anticipated expenditures. No clear explanation

²⁰ This was the original title of Component 3 in Year 1 Work Plan. From Year 2 it became an objective under the revised *Component 3: Agribusiness Program management*

SAP Overall Monitoring and Evaluation Matrix
Period of Performance: September 2007 – August 2011¹⁸

	Performance Indicators	Level of Achievement (Actual)¹⁹	Sources of Verification	Comments/ Reasons for Deviation (if any)
	the gender and age of grantee, type of grant, and geographic region)		Sheets (June 2011)	as to why just over half the available funds spent between 2008 and 2011 inclusive
3.2	Capacity Building Grants for Producer Organizations & ABDS Providers - (from Year 2)			
3.2.1	Number of capacity building grants disbursed under USAID Agribusiness Project (disaggregated by the type of grantee, and the purpose of a grant)	Not achieved	SAP - Approved Status of Grants Excel Sheets (June 2011)	Difficult to ascertain exactly who beneficiaries meant to be and lack of detailed information in project documentation referring to this activity
3.2.2	Dollar value of capacity building grants disbursed under USAID Agribusiness Project (disaggregated by the type of grantee, and the purpose of a grant)	Not achieved	SAP - Approved Status of Grants Excel Sheets (June 2011)	Difficult to ascertain exactly who beneficiaries meant to be and lack of detailed information in project documentation referring to this activity
3.3	Enabling Grants (to support Objectives 2.1 and 2.2)- (Only implemented Years 1 & 2)			
3.3.1	Number of Enabling Grants (policy issues) disbursed under USAID Agribusiness Project (disaggregated by the type of grantee and purpose of a grant)	Not achieved	SAP - Approved Status of Grants Excel Sheets (June 2011)	Targets set but no grants disbursed – activity removed from project – funds reallocated to ‘Project Activities’ – (See text of report for details)
3.3.2	Dollar value of Enabling Grants (policy issues) disbursed under the USAID Agribusiness project (disaggregated by the type of grant and purpose of a grant)	Not achieved	SAP - Approved Status of Grants Excel Sheets (June 2011)	No targets set
3.4	Implement Incentive Investment Grants Program – (Youth Enterprise Grants)			
3.4.1	No. of Investment Incentive Grants - (Youth Enterprise Grants)	No targets set so no evaluation	SAP - Approved Status of Grants Excel Sheets (June	Some grants were in fact actually disbursed (16) by 2010

SAP Overall Monitoring and Evaluation Matrix
Period of Performance: September 2007 – August 2011¹⁸

	Performance Indicators	Level of Achievement (Actual)¹⁹	Sources of Verification	Comments/ Reasons for Deviation (if any)
			2011	
3.4.2	Dollar value of Investment Incentive Grants (Youth Enterprise Grants)	No targets set so no evaluation	SAP - Approved Status of Grants Excel Sheets (June 2011)	Just over \$200k disbursed to above recipients

ANNEX G:

Review of Individual and Collective Observations (Component 1)

ANNEX G – Review of Individual and Collective Observations

Table 3: SAP’s Accomplishments/Results

<i>Mondi Serbia d.o.o., (General Manager)</i>	<p>Advised that following interventions occurred:</p> <ul style="list-style-type: none"> • Company introduced GlobalGAP through SAP’s Investment Incentive Grant • Technical assistance in berry production was provided through SAP; Prof. Miklovic from Agricultural Faculty in Cacak <p>Further commented that he tried to get reasonable loan for working capital but could not succeed; therefore, wishes more support in getting access to affordable loans, especially for working capital. Lamented that banks do not understand agribusiness and do not see a confirmed export order as “collateral”; therefore, banks need to be trained so that clients like Mondi Serbia become bankable.</p>
<i>Niska Mlekara (Nis Dairy), (Chief Finance Officer)</i>	<p>Commented that his company:</p> <ul style="list-style-type: none"> • Received an Investment Incentive Grant to launch a new milk product for kids – “Robi” <p>Further suggested that training for small farmers is needed for just about everything: hygiene, feeding practices, etc. More branding effort for Niska Mlekara to become a more recognizable brand.</p>
<i>Agro Adriad.o.o., General Manager)</i>	<p>Indicated that following interventions occurred:</p> <ul style="list-style-type: none"> • Participated in the US meat study trip due to SAP assistance • Participated in a SAP trade seminar, 4x 2 day’s workshop • Received SAP assistance for setting up his website <p>However, he failed to be awarded a requested marketing grant. More management training required as he is running a small but dynamic business and does not yet have the requisite skills needed to be successful.</p>
<i>DIS Todorovi (Owner)</i>	<p>Advised that his company:</p> <ul style="list-style-type: none"> • Received training and certification in ISO 22000 and ISOCERT <p>However, more training is required in marketing (for example sales techniques for the salesmen), finances including reducing expenses, but also other topics like energy saving (solar energy, biodiesel ...)</p>
<i>Fungo-jug, mushroom and fruit processing company, Senior Boss (Owner)</i>	<p>Indicated the following interventions:</p> <ul style="list-style-type: none"> • Received SAP support to develop visual and brand identity for new product line • Participated in SAP study tour to Italy <p>Suggested more training needed in food processing, especially in frozen food technology.</p>
<i>Strelad.o.o., (Sales Manager)</i>	<p>Advised the following interventions:</p> <ul style="list-style-type: none"> • Received marketing grant from SAP to make new product design • Participated in educational seminars with SAP assistance in Leskovac • Study trip and marketing seminars in Portland, Oregon, 2009 • Participated in Fancy Food Show and other trade fairs due to SAP support <p>Would appreciate the following additional sector support:</p> <ul style="list-style-type: none"> • Training for pickers is needed (sustainable harvest ...)

	<ul style="list-style-type: none"> • More training in international standards; for example, organic production (black – and blueberries, mushrooms)
<i>S.M.R. SRBIJA / Mesara Srbija, (Manager)</i>	<p>Commented on the following interventions:</p> <ul style="list-style-type: none"> • SAP marketing grant (still pending) • Study trip to USA with other meat processors due to SAP support <p>Would appreciate the following additional support:</p> <ul style="list-style-type: none"> • Continued standard grant in 2011 as certificates are going to expire • Better information policy about upcoming Call for Grants for Association (as she is also president of a business women association) • Seminars for livestock holders needed about genetics, nutrition, requirements of modern open stables • Joint actions how to efficiently use 15 tons of daily meat waste in the region – renewable energy.
<i>Turkovicd.o.o., (Director)</i>	<p>Advised the following interventions:</p> <ul style="list-style-type: none"> • Introduction of ISO 22000 with SAP assistance • Identity and brand development of meat products with SAP assistance <p>Suggested that faster processing of grant applications would be highly appreciated.</p>
<i>ZZ Prima Borovnica, (Director)</i>	<p>Advised the following interventions:</p> <ul style="list-style-type: none"> • Received SAP assistance to certify for GlobalGAP • Participated in Fruit Logistica due to SAP support <p>Requested more support to participate in international fairs like Fruit Logistica.</p> <p>Satisfied with the US blueberry expert who suggested practical recommendations and the whole cooperative. Prima Borovnica would appreciate seeing him again.</p> <p>Further commented that ZZ Prima Borovnica was not aware / and never informed that SAP was assisting stakeholders to get access to financing.</p>

ANNEX H:

Review of Individual and Collective Observations (Component 2)

Table 4: SAP's Accomplishments/Results

<p><i>Assistant Minister of Agriculture</i></p>	<p>Talked about the government sticking to its National Agriculture Program for Serbia adopted in May 2011</p> <ul style="list-style-type: none"> • Specifically referred to SAP's involvement in preparation of the Law on Public Warehouse for Receipts for Agriculture Products – thought the law useful step forward in increasing eligibility of farmers to borrow money (against receipts). Acknowledged that progress has been slow and too soon to say if will be successful. • Advised that agriculture GDP in slow decline although exports were increasing but in low value produce. • Indicated that government used to support exporters via range of subsidies but that these were withdrawn after 2008 as incompatible with WTO. Expressed gratitude for SAP for stepping to fund overseas study tours, trade fairs, exhibitions etc. for exporters. • Discussed the work the ministry is doing with DANIDA's 'Support for Fruits & Berries Sector in Southern Serbia' – project closely following government's strategy has high expectations of results in the planned interventions. • Clearly stated that Serbia's long term future economically lay with the EU and therefore in anticipation of accession was taking steps now to address the ramifications, for example, of the CAP • Accepts that donor funding still necessary to support agriculture sector but should be channeled towards driving exports and provision of investment funding.
<p><i>Agency for Environmental Protection (Advisor for Soil Quality)</i></p>	<p>Advised that SAP had:</p> <ul style="list-style-type: none"> • Assisted the Agency with presenting its Annual Report in 2009 & 2010 to around 70 stakeholders • Funded the Agency's publication on the state of soil in Serbia & its presentation to around 50 stakeholders • Hosted a workshop in December 2009 on 'Use of Environmental Data in Agriculture' <p>However, the interviewee expressed concerns that no soil information system existed in Serbia or enough dissemination going on regarding the safe use of pesticides. Advised that SAP clients interested in organic matter in soil and indicators should be established. Overall pleased with SAP support.</p>
<p><i>Serbia Organica (President) - (National Association for Organic Production)</i></p>	<p>Advised that:</p> <ul style="list-style-type: none"> • SAP together with GTZ (now GIZ) submitted a National Action Plan on organic farming to MAFWM but it was rejected (reasons not specified) • SAP in 2010 helped prepare a database of 'who is who' in Serbia regarding organic farmers • SAP hosted a 1 day annual conference for the Association in June 2011 attended by 240 participants • SAP plans to offer training in 2012 to all organic farmers with 3 hectares or more in acquiring certification <p>Expressed the need for the training of inspectors in 'green markets' to identify real from fake organic farmers. Wouldn't have been able to have current influence and profile in the country without SAP assistance.</p>

<p><i>Innovation Centre for Agriculture (General Manager)</i></p>	<p>Advised that his organization acted as advisory service to agriculture with laboratories for soil analysis. Records data from field meteorological stations to forecast plant diseases. Indicated that: Centre with funding in 2008 and 2009 for accreditation</p> <ul style="list-style-type: none"> • SAP part-funded a study tour to Spain in May 2010 • Suggested that SAP's collaboration 'a bit too early' – instead advised that funds should have been available first (not necessarily from SAP) in order to provide more space for testing. Focus should have been on obtaining funds for state-of-the-art technical equipment that would provide the Centre with wider accreditation credentials. <p>GM was happy to collaborate with SAP but felt that with the demand for analysis from farmers on pesticide residues increasing (especially for raspberries) equipment more important than technical advice. Suggested that SAP (Cacak) communicated fairly regularly with him but wasn't sure if any further assistance likely.</p>
<p><i>Private Sector Program for Support to the Fruits & Berries Sector in Southern Serbia – DANIDA (TL)</i></p>	<p>Advised the following:</p> <ul style="list-style-type: none"> • USAID, Serbia & Embassy of Denmark, Belgrade signed an MOU in May 2011 to establish a working relationship between their agriculture-related respective projects (SAP and PSP) • The annex to the MOU outlined scope of potential collaboration & listed various future events that would be joint implemented / funded including study tours, training & publication of research papers • Indicated that due to the change of Minister of Agriculture early in 2011 it was taking much longer than anticipated for actions to be discussed / approved. Felt that progress had been too slow due to inaction of ministry officials to take decisions • Felt that both projects addressing similar issues and clients. Need to ensure duplication of effort avoided • Suggested that the Indemnity Fund had its work cut out due to non-compliance of farmers willing to rent storage space on commercial basis – only interested in selling at agreed prices
<p><i>The Indemnity Fund of the Republic of Serbia (Deputy Manager)</i></p>	<p>Offered the following comments re: policy / enabling environment:</p> <ul style="list-style-type: none"> • SAP input invaluable in facilitating the Law on Public Warehouses for Agricultural Products which established the Indemnity Fund (warehouse receipts can provide access to funds) • SAP further assisted with design of brochure & presentation to stakeholders in Novi Sad • Indicated that the Indemnity Fund provided with government share capital for 2 years only then has to be self-sustaining from silos and cold storage unit fees etc. • SAP assisted with preparation of workshop materials and establishment of an information 'call center' • Suggested Indemnity Fund would have gone ahead anyway without SAP but progress would have been significantly slower

ANNEX I:

Sub-Sector Analysis

Annex I: Sub-Sector Analysis

BERRY FRUITS

Based on the Berry Fruit Sub-Sector Value Chain Assessment (VCA) and Commodity Action Plan (CAP) completed during Year 1, SAP's activities focused on the export of more fresh berries (as they are more expensive and thus more profitable than the processed ones), by providing technical and also financial assistance through grants for marketing and international standards. A Berry Fruit Study Tour to Spain was arranged in June 2010 by the project to further support this strategy.

Raspberries

The project provided financing to the Arilje SME Association so that the association could participate at Prodexpo 2009 in Moscow and gain access to new markets. Also a Trade Mission to the United Kingdom took place and resulted in growing new varieties (Polka and Tulameen) in Serbia, serving the fresh market in the EU. Therefore a local consultant was hired to help growers in the setting-up of new raspberry fields and to supervise plant development, providing advice on irrigation, fertilization and plant protection measures. A series of training sessions was delivered to the berry growers assisting a total of 25 farmers.

Blueberries

From humble beginnings in 2005 blueberries are now cultivated on more than 100 hectares of land in Serbia. SAP assisted the creation and strengthening of the National Association "Serbian Blueberry" and enabled them to participate in the Fruit Logistica in early 2011; furthermore, a Training and Advisory Program for Serbia Blueberry Growers was implemented through Arilje Agricultural Innovation Center (ABDS provider) and 10 introductory training seminars, attended by 162 growers, in high-bush blueberry production were conducted; in addition, a guidebook (500 copies plus leaflets) was published and Arilje Agricultural Innovation Center provided advisory services in the field. Dozens of farms have been advised and visited by a local and an expatriate blueberry expert. The activities focused on 10 POs from South/Western and Central Serbia; one of them is ZZ Prima Borovnica which is trying to export fresh blueberries from 35 hectares; this former association has been transformed into a farmers' cooperative and as part of the SAP strategy to assist non-profit associations to upgrade to profit-oriented cooperatives the project supported an inaugural assembly meeting of new Blueberry Growers Cooperative and presented interventions designed to develop the new organization. Blueberries have high profit potential but need upfront investments of around \$35,000 per hectare (including anti-hail nets) and generate almost no revenues for the first 3 years.

Cranberries

For this almost unknown fruit a Feasibility Study has been made and an international berry fruit specialist was hired to hold training session (61 attendants) and prepare training material.

Several donors are currently working in the berry sector the most active of which is the 4 year Danish funded Support to the Fruits and Berries Sector in Southern Serbia project started in late 2010.

TREE FRUITS

The SAP team, with a new sector lead who joined in the 2nd quarter of Year 2, worked with producers of apples, plums, sweet and sour cherries and cold stores to increase the efficiency and quality of their products, to reduce their costs and increase the value they receive for their products. More specifically the project assisted with the upgrade of ULO/CA storage technology for fresh apples through training of ABDS providers.

Furthermore it assisted stakeholders in getting access to new markets such as the EU as well as Russia. To be in a position to export, stakeholders must fulfil several food safety requirements and the project supported the agribusiness sector – not only the tree fruits - to implement required standards, such as product traceability, GlobalGAP, HACCP, ISO 22000 (operation of a ULO cold store for apples); the companies ABD Prom, Atos Vinum, Zdravo Organic, Greeny and many others implemented these standards.

Improved harvest and post harvest management training was provided by an international expert in spring 2009, focusing mainly on the storage of fresh apples in ULO conditions (40 attendants). Other training on improved farm-level productivity was delivered by another international expert from Michigan State University. With grant support, the Arilje Agricultural Innovation Center passed through the final assessment for obtaining the certificate from the Accreditation Board, thus enabling the Innovation Center's agrochemical laboratory for soil and water analyses to issue official results of their analyses.

The SAP team supported participation of tree fruit companies at the following fairs: Fruit Logistica in Berlin, Bio Fach in Nuremberg, GulFood in Dubai, IFE in London, Fancy Food in New York, and World Food in Moscow (16 companies and ABDS participated). The next study tour to South Tyrol for cooperative managers and ABDS providers will take place in September 2011.

Finally SAP assisted fruit-based companies like DESING, supplier of McDonald in Serbia, to develop innovative packaging and to introduce new packaging technology in their production of fruit fillings and toppings.

HERBS, MUSHROOMS AND FOREST FRUIT

According to SAP documents this sub-sector was and still remains critical for rural employment as it provides seasonal employment for as many as 50,000 people, including mostly unemployed rural collectors and the employees of processing companies. Based on the Value Chain Assessment and the Commodity Action Plan, the SAP support for this sub-sector focused on wild mushrooms and to shift gradually in volume from bulk to retail.

Over the years the herb value chain has also become more important due to its export potential in regional markets, as well as in semi-processed products to the EU. Future opportunities for cultivated herbs in contrast to wild-picked ones appear encouraging. SAP supported companies to increase the export of any type of herb product, including semi-processed products with marketing and promotional activities, the introduction of new international standards, product development support and the adoption of new technologies. The project also established good working relations with the following POs: the herb processors and exporters association "Serbian Flora", the wild mushroom association "Forest Fruits of Serbia", and the herb collectors and growers association "Dr. Jovan Tucatov" which is active in the South-Eastern regions of Serbia.

VEGETABLES

The vegetable sector in Serbia employs around 200,000 farmers and 25,000 people in the processing industry. As the continental-type climate in Serbia has a short vegetation period with limited sunshine compared to Macedonia or Greece, production can only be expanded through green houses, which unfortunately require substantial up-front investments especially for heating. Another problem over the last few years is the import of vegetables which has been growing sharply as Serbian import tariffs have dropped due to trade liberalization.

From the beginning SAP focused on storable vegetables (onions, potatoes, carrots, parsnips, garlic, and others), because of their competitive advantages. Besides primary production, the SAP team worked with industrial processed vegetables (peppers/dried paprika, green peas, green beans, sweet corn, and vegetable

mixes), which are sold as frozen, canned, dried, or pasteurized in domestic retail chains and export markets.

SAP also assisted processing companies to defend local market and to expand partly into export markets, such as Montenegro, Bosnia, and Croatia (especially during the summer holiday season), but also EU, Ukraine and Russia. Assistance included redesigning products and packaging, reducing post-harvest losses, and extending the growing seasons by either greenhouses or high-tunnels. Also 5 POs have been trained in improved postharvest handling of storable vegetables. At enterprise level the SAP assisted, for example, the vegetable company Suncokret d.o.o. with packaging, labelling and web design. The company is internationally active and achieves around 20% of their turnover from exporting.

The Vojvodina Association of Vegetable Growers and SAP recently held a Conference on Contemporary Vegetable Production (45 companies and over 900 farmers from different regions of Serbia attended); one of the outcomes was the idea of transforming the Vojvodina Association of Vegetable Growers into a national level association.

LIVESTOCK

The SAP Year 1 Work Plan, Annex A: Subsector Assessments and Value Chain Economic Growth Analysis, shows without doubt that the livestock sector is the most important one of all the selected sub-sectors in Serbia as it involves 178,000 farmers, 40,000 jobs in corresponding processing industry, as well as the highest farm market value. However, between 2007 and 2009 (more recent figures actually not available) there was a constant decrease in the total number of cattle, pigs and sheep. Consequently project activities in the livestock sector in Years 1 and 2 focused on SAP's long term strategy of "Getting back to where we were in terms of export in 1990", and gradually on doubling exports by increasing the herd size in Serbia by over 100,000 animals. That might have been done partially because of the EU export quota for baby beef.

Regardless of export opportunities cattle farmers continually strive to increase their production and make it more profitable. From the beginning the SAP involved slaughter houses as key centres for linking beef producers and ABDS providers, including veterinary services. To achieve faster results the project concentrated only on cattle farms with between 50 and 100 animals, capable of operating as a commercial enterprise and having formal registration of animals and thus governmental subsidies.

In Year 3 the SAP team addressed problems related to primary production (bull fattening operations), and strategies to overcome the poor linkages between stakeholders within the sector. Therefore "AgrarKontakt" was hired and provided more training mainly about improving the efficiency of animal fattening in Nis (113 attendants), Krusevac (62), and Kraljevo (157); but later on also in Vranje (60 farmers and 93 students participated) and in Pozarevac (39 farmers and 87 students).

With the start of Year 4 the SAP Livestock/Meat sector strategy shifted from farmers, still struggling with fodder problems, to small and medium scale meat processors; meat processors very often have their own slaughterhouses, for example Turkovic d.o.o. in Sjenica which is slaughtering up to 100 cattle per day, or at least would like to build their own like Agro Adriatic d.o.o. from Bujanovac. The new focus is now on meat processors in their efforts to grow their markets, both internally and externally.

SAP supported client meat companies to participate in some trade fairs such as the London IFE fair 2009 and 2010²¹, the Novi Sad Fair in 2009 and 2010 as well as the Moscow World Food fair in 2009. Furthermore local fairs have been supported in Sjenica, Krusevac and Nis Assistance to livestock farmers is provided through these processing firms, using them to identify and organize farmers to participate in technical training programs. In future, SAP will place less emphasis on expanding the size of beef herds.

²¹ Year 3 Work Plan, Livestock Sector Activity Plan

Concerning human resources, the organization chart from September 2009 indicated that the livestock sector lead was on maternity leave and seemingly never returned. In the first quarter of Year 4, SAP management finally hired an agribusiness development officer who is working from their Nis office with a focus on the livestock/meat sector in Southern Serbia.

DAIRY PRODUCTS

The dairy sector, after the livestock / meat sector, represents the largest agricultural sector by value in Serbia and involves around 150,000 farmers. The SAP team focused on promoting sales gains, in both the domestic and export markets for high-value processed dairy foods such as kackaval cheese, kajmak, flavored yogurts, and feta cheese.

The SAP team cooperated with just one PO per year (see Results vs PMP Indicators for Years 1, 2 and 3), which was strengthened through some training sessions; it is not clear from the documents provided if this particular PO in the milk sector was the same throughout the years. However, the SAP team stated that over the life of the project there were 11 producer organizations from the dairy sector that participated in SAP-funded activities. As corresponding details regarding each of these producer organizations can be found only in the TAMIS system, the Evaluation Team could not check them as they had no access to TAMIS.

Remarkable is that SAP tried to develop POs only in co-operation with dairy processing plants, and not as a project specific activity. The reasons for this appear to have stemmed from the negative experiences resulting from the previous Community Revitalization through Democratic Action (CRDA) project which supported the creation of farmer co-operatives and associations, without linking them to the processors who are the traditional purchasers of the raw milk.

A dairy farmer co-operative, a PO, would be able to increase the raw milk price for farmers. However, the dairy processors, when asked about this, advised that they had not identified any serious groups of farmers who could act as a real farmer co-operative and provide services to its members. As a result they could find no incentive to use their own resources to create farmer cooperatives and build their capabilities. Consequently, the project oriented its efforts towards the creation of an industry association, to represent the interests of the processors, which was “the ultimate project goal”.

In real terms, the project supported medium sized dairy stakeholders to create a Dairy Association that would represent their interests with government institutions and others. Indeed, although previous attempts to form just such an association previously failed due to lack of stakeholder interest, it now seems most likely that a Dairy Processor Association will be registered in the autumn of 2011. The remaining project period will be used to support this organization and to develop its capacity to represent the interests of the dairy industry members in the most effective way.

The project also put some effort into providing relevant training in hygiene, production techniques, processing operations, quality standards and access to new markets, but failed in the strengthening or setting up of dairy POs - i.e. bringing milk farmers into one organisation to increase their market power. Besides the sector specific approach, SAP specifically assisted through the PO specialist the general strengthening of the organizational capacities of all POs in the following ways. In the beginning an inventory of over 70 POs was created and from them around 30 POs interviewed and assessed; that enabled the SAP team to identify gaps in each value chain and to define areas of potential interventions for the POs strengthening, including grant, technical assistance, and training packages.

ANNEX J:

**USAID, DAI and ME&A Comments on the Evaluation
Report**



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The Agribusiness Evaluation Report Review October 19, 2011

1. The Evaluation team considered remarks made by USAID and DAI for the 1st draft and made the report more concise. ***The report is better structured with clear focus on two main project components and grants.*** The report is now limited to 39 pages as requested by USAID in SoW for the RFP.
2. There is no particular qualitative improvement of the content. The Evaluation Report still sounds ***too general and without precise recommendations on implementation practice, improvements to be made by the end of the project and what should be considered while designing new activity.***
3. The recommendations regarding Monitoring and Evaluation Matrix were not addressed at all. ***The indicators presented, were not discussed and reasons for deviation were not identified.***
4. While it is much easier now to read the report and analyze its content, some problems still remain. There is little or no qualitative analysis of technical assistance efforts. For example, the report listed number of trainings, conferences, studies etc. with little or no information about the qualitative opinion of these actions made by the project. The team focused more on answers/opinions they received from the interviews rather than providing USAID their own evaluation of the curriculum of trainings provided by the project. ***What we expected was their evaluation of technical assistance efforts, quality of short-term consultancy but also better understanding of relevance of these efforts for project clients, whether selection of topics was adequate and if we should continue with those activities in the last year of the project. Moreover, whether they find these activities needed for our future programming.*** We needed their opinion on what worked well and what not.
5. The report focused on evaluation of grants component and the grant budget presents only about 12% of the total budget. Again, ***more attention was supposed to be given to technical assistance provided by our project's long-term and short-term consultants.***
6. ***There is no discussion about the strategies of 6 selected sectors, value chain analysis and commodity action plans. There is no discussion or analysis of our 6 sub-sector strategies*** and if these make sense or need to be modified.
7. Chapter 4.1.4 Increase Value Chain and/or Cluster Competitiveness generally talks about the grants provided through the project. ***There is no discussion about sub-sector specific actions, whether project assumptions and strategies make sense and again, no discussion about short-term and long-term technical assistance.***
8. ***Paragraph 6.1.3, page 28, Enabling grants should be revised.*** The last sentence should be deleted as it is not correct as it states that “the realigned payments would no longer require official USAID approval. “ According to instructions given to DAI by RCO for the budget realignment, all project activities need COTR’s technical approval.



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9. *Recommendations section listed some of the topics that we should consider for the final year 5 of the project. However, as stated in general section, the team recommends SAP to continue with “strengthening the general supporting services environment for the agribusiness sector by building sustainable agribusiness services in production, processing, information standards certification, marketing and packaging.”*

The section confirms that SAP should continue and implement activities as per current portfolio.

Development Alternatives, Inc. (DAI)

Response to the Final Report on the Serbia Agribusiness Project (SAP) prepared by: Mendez England & Associates

DAI is pleased to have this opportunity to provide comments on the Final Report for the Serbia Agribusiness Project (SAP) Evaluation. We commend the team on having taken on a challenging assignment, with a broad scope of work.

We appreciate the generally positive assessment of the work the Serbia Agribusiness Project has performed over the past four years, and recognize that the evaluators have come up with a number of sound findings and recommendations for how the Project can continue to improve the services and assistance the Project is providing. We recognize that it is important to expand Project activities by linking the financial services industry to the value chains, particularly at the producer level, and to have a strategy to put this into action. Likewise with the Livestock & Meat Sub-Sector value chain we recognize that there have been challenges in getting traction in this sector, but we are ready to move ahead quickly with activities that have been in preparation.

However, we are concerned that the evaluation does not reflect the Mission's concern regarding the "achievement of intended results" (see pg 1 of the SOW), and it has not captured the essence of the Agribusiness team's value chain approach to development, and the building of a sustainable and competitive Serbian agribusiness industry. Perhaps the biggest issue is how one defines results. The evaluation has primarily looked at inputs (such as money spent on grants), and outputs (activities completed and firms assisted, etc.), and not on what those inputs and outputs have achieved in terms of outcomes, or results. From our perspective, the results are the increased competitiveness of the agribusiness sector in general (represented by the number of firms exporting or selling, the penetration of new markets, etc.), and the extent to which the industry will be able to maintain this momentum after the Project ends.

As a value chain project, we successfully identified promising sectors, analyzed the major growth opportunities in each sector, assessed the factors that were constraining that growth, and set about addressing those constraints in a market driven and sustainable manner. We implemented specific activities at each level of the value chains, some of which were common to all value chains, and some of which were specific to certain value chains. In most cases the major opportunities for growth and market development were accurately identified during year one (we do agree that the initial analysis on livestock took us to an incorrect focus on the export of baby beef), and the set of interrelated activities that were put in place have steadily moved the sectors forward.

In all of our activities, we have applied a "market development" lens to examine who should be providing the services to address the constraints, why those services were not being offered, and the most appropriate role for the Project to play in bringing about the development of sustainable

providers for those services. The Project has used a wide range of project activities, combined with modest but well targeted matching grants, to help address those market failures or to speed up the development of associations. The Project has also identified, and addressed, a number of policy and/or regulatory issues with market led solutions when appropriate, or through assistance to appropriate government bodies. We measure our effectiveness not by the spending of money, but by the enhancement of sustainable businesses and market systems.

We believe that much of this information could have been better understood, and reported on, by the evaluation team if they had spent more time speaking with team members, trying to understand why activities were carried out and what results they actually achieved (beyond the quantitative outputs listed in the PMP which do not capture market dynamics). In the process of their work the Assessment Team elected not to solicit information from Project management that would provide useful perspectives on the evolution of the project. Even after the Project's initial set of comments were presented to them, they did not engage directly with Project management to try to understand the context of the Project before finalizing their report.

Without trying to understand the clear and logical flow from building initial Project momentum, to transition, to transformation, and finally to sustainability in year five, it is difficult to assess the potential long term impact of the Project. Had the Team obtained such insights from Project management many of the concerns expressed in the Assessment Report would have been addressed. For example, the Team expressed no interest at all in what the Project intends to do in its critical year five, and how this will build on previous years' achievements. Such information would have given the Team better balance in its observations. Nearly a quarter of Project implementation time still remains following completion of the evaluation, ample time to address the types of concerns noted in the Report. This absence of perspective may have led the Team to some broad and sweeping conclusions unsupported by facts.

The lack of consultation with both Project and USAID managers, and Project staff, responsible for Project implementation led to serious mis-readings and misinterpretations of information gathered by the Team. Among these are a misunderstanding of the purpose of TAMIS, of the regions in which the Project actually works, of the Project's contractual reporting requirements, of the critical lead role played by the Tree Fruit and Berry Sub-Sectors in exports, of the Project's steps to address financing problems, of the basic nature and evolution of the grants program, an unawareness of the Project's leadership in massive environment-oriented activities in collaboration with the Ministry of Agriculture, and of others. Failure to ground truth information with the Project's or USAID's management, or at least to seek clarification from key Project professional staff in these areas of concern was a serious process deficiency.

Of additional concern is the frequent qualifying nature of Team comments when discussing Project successes, and the absence of corresponding discussions of the highest ranked indicators set out by USAID in the Task Order. The Project is about to double the overall target for Project assisted export sales (which were set by USAID at \$90 million), yet, the evaluators never once mention this, nor identify the reasons why the Project has exceeded these headline indicators, and why they are continuing to grow on a year on year basis. We still believe that if the evaluation team had sat with the Project team they could have eliminated many of their erroneous statements and conclusions around facts (such as levels of disaggregation of data).

The evaluation also makes no mention of some of the Project's most exciting work, including the Pesticide Safety and Environmental Education (PSEE) program, where the Project's persistence has helped the Government of Serbia to develop a market led approach to addressing a major challenge facing the entire agricultural sector. This will result in thousands of rural farmers being trained and receiving PSEE certification (which will be a requirement for any farmer in the future wishing to

purchase fertilizer or pesticides for use on his farm), but more importantly a system is now in place to train and certify the entire population of farmers who need to become certified.

The observations above do not diminish the fact that both the Project and USAID can benefit from the Team's recommendations for year five and beyond to further promote Serbia's agribusiness sector development. As with any good private sector development project, development happens because the market actors become involved and take charge of their own development. To achieve sustainable growth, the role of a project such as this is to facilitate interventions by the right private sector actors on their own volition, on both the supply and demand side. It is never linear, as some things work and others don't, but going back and trying new approaches until they do leads to the success of building sustainable systems - finance must still come from the financial sector because the financial sector wants to lend, and firms must understand the benefits from and want to purchase services to create a viable market for those services.

Comments on Specific Sections of the Final Evaluation Report:

- Page 3, Conclusion 6 [... *It appears that the monitoring mechanism adopted by the project is, for the most part, burdened with excessive reporting: from weekly reports to annual PMPs, work plans and Results vs. PMPs Indicators, among others. This seems unnecessary, time consuming and of little value to effective project management decision-making..*]

Pursuant to the Task Order, Chapter A.8 (page 17), DAI is obliged to submit all these reports (with the exception of the Weekly Report). But this is useful commentary for the USAID Mission to consider relative to the amount of time and effort required (both by Project staff and by USAID staff) to meet these reporting and clearance procedures.

- Page 3, Recommendation 3 [...*In terms of investment grants, the project should have a more robust strategy in place to follow-up on how the grants are being used following receipt. There appears little accountability following disbursement, so the possibility of external auditing should be pursued...*]

The grantees are visited on a regular basis by the technical staff concerned (ie Sector Leads, PO Specialist, Youth & Gender Specialist, etc). Furthermore, all grantees are obliged to participate in the quarterly and annual impact surveys conducted by the Project.

- Page 3, Recommendation 5 [... *Although the project has no plans to contribute to the preparation of further business enabling legislation in its final year, there is some evidence that the existing legislation – i.e. governing warehouse receipts - is not widely known or understood among its intended target audience. Accordingly, SAP could allocate more time in support of public awareness campaigns to ensure the aims of the legislation remain high profile.*]
and Page 37, Recommendation 6 [... *SAP has made a significant contribution to improving the business enabling environment in Serbia. However, as the project has no plans to work on further legislation in its final year, it is recommended that the project team assist the GoS in disseminating information on existing laws (particularly the Warehouse Law) to a wider audience. This would be useful exercise as quite a few of the interviewees met by the Evaluation Team had no knowledge of the legislation or how it might be of benefit to them.*]

The Agribusiness Project is interested to learn how the Evaluation Team has developed the new conclusion that the Project has no plans to contribute to the preparation of further business enabling legislation in the final year, or to the dissemination of information on existing legislation, since this conclusion was not given in the initial draft of the report. The Project intends to be very active under the enabling environment component during the final year, and plans to work with relevant institutions on implementation of existing legislation and coordinate with the sector associations, relevant institutions and the Ministry of Agriculture on further development of needed legislation.

In the final year, the Project will continue to promote awareness of the WHR system and support the establishment of the electronic registers within the system and will accordingly help train all relevant stakeholders. This will consequently help in further adoption of the WHR system. For any additional information of interest, please refer to the Project's Year Five Work plan.

- Page 14, 4.1.4 [*In the SOW from 2007 there is no objective mentioned that would directly correspond to this one: Increase Value Chain and/or Cluster Competitiveness. However, indirectly, the issue of Investment Incentive Grants reflects the original intention of the project such as to increase the efficiency and competitiveness of Serbian agribusiness enterprises all along the value chain in high potential sectors and sub-sectors*]

This introductory statement, for us, encapsulates the essence of the missed opportunity for the evaluators to add significant value to the Project through this evaluation. Rather than pursue discussions with Project management and staff on how the Project defines this, and works in an integrated effort involving all components of the Project, the evaluators chose to assign one element, the Investment Incentive Grants (IIGs), as a proxy for an extremely complex and challenging topic. In so doing, and in the treatment of the IIGs from a purely quantitative standpoint rather than identifying how they were used to enhance competitiveness, the evaluators missed an important opportunity to really assess the way the Project operates and the successes that it has achieved by making the whole greater than the sum of the individual parts.

- Page 14, Point 1 [*...Number of farmers and firms accessing new technologies that enhance productivity, production, and quality with the support of Investment Incentives Grants...*]

This is misleading. As of Year Two, the Project revised this performance indicator to the following: Number of farmers and firms accessing new technologies with support of the USAID Agribusiness Project. In Year Two, the Project reported that 23 farmers and firms accessed new technologies based on Project assistance.

- Page 15, Result 1 [*...The project was unable to achieve the foreseen targets; in Year 1 no beneficiaries received a grant. In Year 2, around 20 beneficiaries received from SAP Investment Incentive Grants a total value of \$128,408, which is around \$6,500 per beneficiary. The introduced new technologies included: new packaging technology; drier using both solar and electrical energy; new products for plant protection and nutrition; sorting machine; American concept for growing blueberries; new organic raspberry breeds Polka and Tulameen; berry production in green house; new vacuum device for energy saving; and new tablet machine for products based on herbs. Among others, beneficiaries have been the companies "Bilje Borca," a processor of medicinal and aromatic herbs, "Strela," a mushroom exporter, and "Desing," a tree and berry fruit sector company. In Year 3, the project made no further progress. On analysis, it would appear that the non-achievement of goals is based on arithmetic. If 500 beneficiaries were to receive an investment incentive grant of around \$6,500 each, then the project would have needed \$3.25 million only for the introduction of new technologies. This amount would have significantly exceeded the available budget. The conclusion to be drawn is that the project recognized this anomaly and did not seriously pursue the activity. Furthermore, the Evaluation Team was informed that the project had "to develop a grants scheme to support the introduction of new technologies, but never received USAID concurrence to proceed. The Mission was reluctant to approve grants that would be used for the purchase of equipment, as this might be seen by the Serbian public as a continuation of the CRDA program ...]*

The Evaluation Team should take into consideration the fact that the subject indicator was revised significantly in Year Two (please see previous comments on the grant program) and revise this entire section accordingly.

- Page 15, Result 2 [*...targets were never established by the project...*]

The Life of Project cumulative target is set at 100. To date, 67 international food-safety, quality and environmentally friendly certificates (HACCP, Global GAP, ISO, Organic, etc.) have been received by Serbian agribusiness grantees based on the Agribusiness Project grant program. More importantly, a network of local, and sustainable, service providers is now delivering these services on a more regular basis than before the Project's intervention in the market for these services. As a complimentary benefit, there is a much greater awareness on the part of all Serbian agribusiness firms of the need for, and value of, these services.

- Page 16, Chapter 4.4, first paragraph [*... Taking as an example the dairy sector, it would have been feasible to establish milk collection centers in various remote villages in the form of a PO with their own lacto-freezers. Such a PO could be in the position to offer high quality milk in economically relevant volumes. After the successful set-up of such a milk PO, the members would have to decide with which dairy company to sign a delivery contract for possibly one year. Due to the POs' milk volume they would be in the position to negotiate a good price and the partner / the dairy plant would have the advantage of buying large volumes of milk every day at one place and thus significantly reduce its logistical costs. ...*]

As is the case in the other sub-sectors, the Project has chosen to work through the processing firms to assist them in their efforts to organize farmers and to establish milk collection centers. The Project does not have the ability to make equipment grants, and the selection and organization of farmers into groups to facilitate milk collection is best left to the processors themselves, who can select the farmers that they see as the most progressive and best able to deliver the quality of milk they need. The Project has discussed with the processors the feasibility of stimulating the supply of lacto-freezers to producers, using commercially driven and financed systems (ie local bank finance), but only Imlek has operationalized this system.

- Page 18, 2nd paragraph [*...Possibly, the SAP's grant philosophy may need to be reconsidered and a strategy to be developed for the final year of the project in order to promote a greater take-up of investment grants in particular as the potential for the future success of the recipients' businesses would be more assured...*]

This is contradictory to the Evaluation Team statements under section 6.1.1. on SAP's Performance: "... it appears that of the \$2.33m grants obligated for all categories to date, the Investment Incentive Grants commitment of \$1.54m accounted for 66% of the total."

- Page 24, top paragraph [*...The analysis, observations and conclusions below aim to track the movement of the funds within the various categories of grants available mainly from data extracted from SAP's internal records in the form of Excel sheets...*]

The subject Excel sheet is an internal document, which is in essence a list of the grants with no data relevant to the performance of the individual grants or grant programs (i.e. the list does not include data pertaining to the key indicators: sales, employment, Producer Organization and ABDS provider related results attributable to grant assistance). Quantitative data evaluation must include the results and impact reported by grant recipients. In the absence of such data, this evaluation is invalid.

- Page 25, Section 6.1.1.

This section is missing some key issues. Namely, the original Investment Incentive Grants scheme was adjusted as of Year Two to address major cross-cutting issues in the six sectors that emerged as priority areas of assistance following the value-chain analyses; that being marketing and promotion, international standards, and new technologies. Also, the Grants Manual has been revised and approved by USAID, and it should have been used as a basic document for the evaluation.

- Page 26, Section 6.1.1. SAP's Performance

Measuring SAP grant performance by the number and value of Investment Incentive Grants disbursed is a false measure. The performance of each grant award has been measured by a comprehensive list of indicators which were included in each grant agreement. As agreed with the Project's M&E Specialist, and the USAID COTR at the time when our PMP was originally approved, all indicators related to the number of grants awarded and the dollar value of grants disbursed were not to be reported within the PMP system. These indicators are considered as internal measures that provide no qualitative measure of success or impact. However, the Project does maintain these indicators in the PMP, but has not been reporting them as 'results' within the context of the Project's Annual Reports.

- Page 27, Section 6.1.2. SAP's Performance

Again, these targets were set provisionally, and only for internal purposes. The Evaluators should refer to the previous comment on grants. The performance of each grant has been individually measured by a comprehensive list of indicators in each grant agreement.

- Page 29, Section 6.1.4. SAP's Performance and Conclusions

The success and quality of Youth Entrepreneurship Grants is directly related to the quality of the winning business plans submitted. The Business Plan Competition is not within the scope of the SAP grants program. Nevertheless, recent business training courses for university students, and grants to Junior Achievement, will hopefully result in better business plans being submitted (and subsequently better youth grants) this year.

- Page 30, Section 6.2. [*...results have been somewhat disappointing to date regarding how they were disbursed, to whom they were disbursed, and the extent of the impact on the recipients. From the available evidence, all categories of grant have under-performed to some degree with the original Enabling Grants ultimately being removed from the program because of lack of progress. See Section 8.0 below for some suggestions for the final year of the project regarding grants...*]

With 180 approved grants worth \$2.5 million being awarded to date, Project management believes the grant program is far from being "disappointing" and "underperforming". Along with other types of Project assistance, these grants have significantly contributed to the key performance indicators of the Project. For example, 59 grants for international standards, with a grant value of \$300K, resulted in \$8M of additional sales, and 314 new jobs; the 8 agribusiness associations that received \$322K in grant funds reported \$3.7 million in additional sales by their members, and 384 new jobs. Based on annual survey results, grantees are very satisfied with the grant programs; and the overall satisfaction rate went from 4.57 in Year Two to 4.65 in Year Three (on a scale of 1 -5, for extremely dissatisfied to extremely satisfied). One of the major issues that the SAP grant program has been facing, since the beginning, is the fact that all grants are issued on a cost-reimbursable basis and sometimes grantees are not able to implement their grant projects due to the lack of financial resources. As a result, a total of 22 grants were cancelled after approval and award. However, grants provided on a cost reimbursable basis provide the maximum assurance that USG funds will be used to fully implement the planned activities.

- Page 30, Q1 [*... Rather surprisingly the project has never recorded how resources (human or financial) have been allocated across the various sub-sectors and, in fact, has never had any mechanism in place to track this since the start of the project in 2007. Therefore, it is not possible to comment in comparative terms how each sub-sector has performed relative to the others without the benefit of knowing what proportion of the total available budget was allocated to the sub-sectors...]*

The USAID impact targets are not allocated across sub-sectors. Each sub-sector produces its own unique benefits, impacts, and results. Thus, comparing sub-sector cost and resource allocations is

of no practical value. Work in some sub-sectors is intended to yield sales, others exports, others niche product development, others employment, depending on the type of support required and the feasibility of the initiative. And even within a sub-sector there can be several targets. For example, mushrooms and herbs generate 1/4 the sales generated by tree fruits, but it generates far more employment especially among the most needy population. Comparing sub-sectors based on relative funds allocation is almost literally comparing apples to oranges. Further, if we could specify how much was spent in each sub-sector we fail to see what overriding value that would have for project management, and the assessment does not make this clear. For example, if we increased expenditure in one sector in favor of another based on cost-benefit of one target such as sales, then we should expend all our funds in marketing and sales to gain high sales figures; we should not work in the south at all though that is a high USAID priority; we should cease developing the important but lagging sector of livestock and meat because impact will appear only late in project life; we should cease identifying new and potentially large long-term export markets and focus only on easily reachable EU and Russia. We believe such a discussion should have taken place during the assessment with project management. We note also that the assessment team seems to contradict its own admonition when it states under Q4 that “The fact that an activity does not appear to be yielding the required results should not necessarily result in the movement of funds from one area to another...” The assessment lacked this balance and perspective.

- Page 30, Q2 [... *From the available evidence, it appears that a disproportionate amount of project effort has been directed towards assisting fruits and berries, arguably at the expense of the other sectors, in particular, dairy and livestock. In fact, feedback from direct beneficiaries, industry stakeholders and government sources, appears to support the argument that fruits and berries have been well served over the years with technical assistance and advice, which indeed is still ongoing with the DANIDA funded “Support for the Fruits and Berries in Southern Serbia,” and that further support is no longer warranted to the same degree. With this in mind, SAP may well be advised to refocus its sub-sector strategy and allocate resources towards dairy and livestock which, from an economic point of view, may have greater potential for income and job creation if they can become more competitive...*]

The Project’s response to this is an echo of the observations made regarding Q1 above. The assessment team did not explain why they believed resources allocated to the fruits sector and to the berries sector were disproportionate. The importance of these sectors is reflected in the fact that the Ministry of Agriculture requested a new project focused specifically on them. This does not indicate the sub-sectors are sufficiently well-served but that they are critically important. This is precisely the reason the project established a ministry-endorsed Memorandum of Understanding with the Danish Fruits & Berries program. It is correct that the fruits and berries sub-sectors are well established, and that is partly due to the intensive work done within them by the project and some of its predecessors. The fact is that Serbia in its fruits and berries has products that are supremely marketable, but are in real danger of losing its traditional markets. Years of sanctions and neglect have placed Serbia behind Poland and even in some cases Chile in competitiveness for EU and Russian fruits and berries markets. New varieties must be introduced, revised storage practices are needed, new technologies are necessary, and new markets must be identified. All these must happen for Serbia to retain its natural primacy even in traditional market places. Indeed an argument could be made that more rather than fewer resources should be allocated to this critical sub-sector. Again, a discussion of this issue would have benefitted the assessment team.

- Page 31, Q4 [... *First, it is essential that the level of effort allocated to sub-sector assistance in terms of human resources and finances is regularly and accurately recorded...*]

The evaluators recommend that the project monitor and calculate the level of effort devoted to each of the sub-sectors be recorded so that “comparative analysis can take place regarding the ongoing performance in each of the sectors.” The information would then be used to make informed management decisions, mainly regarding the allocation of funds to project activities for each sub-

sector. The Agribusiness Project believes that the extra time and effort needed to generate this type of data (the DAI accounting system is not set up to automatically generate cost data on a sector by sector basis, nor is the cost-benefit justified to spend significant management time to allocate all of the other cross cutting services to specific sectors to provide truly accurate figures) would serve no useful purpose. In reality, the technical assistance needs of each sector are very different, and as a result the cost of providing assistance to each sector will vary widely, and the level of funding allocated to each sector is not directly correlated to the potential impact on that sector. For example, the Tree Fruit & Berry Fruit sectors are heavily dependent on exports, and as a result a significant effort has been devoted to sending companies to international trade fairs. The Dairy & Meat Sectors are much less dependent on exports, and very little funding has been provided for these sectors relative to international fairs. As a result, the cost of assistance to the Tree Fruit & Berry Fruit sectors is relatively high compared with Dairy & Meat.

- Page 31, Q4 [... *Second, key indicator targets need to be established from the outset in the SOW (ie the Task Order) and must be based on what is realistically achievable....*]

The Task Order sets out two very specific indicator targets (Sales & Employment) for the Agribusiness Project and it is the opinion of Project management that these indicators are appropriate, well defined, and realistic. The Project should have only a limited number of contractually required indicator targets, and the two defined in the Task Order seem clear and directly related to Project objectives.

- Page 31, Q4 [... *Third, definitions of indicators must be clearly stated at the beginning of the Project so that there is no room for mis-interpretation or reinterpretation...*]

While the definitions of the indicators were not clearly spelled out in the Task Order, this is a role that is more appropriately left to the Project management during the preparation of the Performance Management Plan. The Agribusiness Project prepared a PMP early in Year One, which was then approved by the USAID Mission, which clearly spelled out the working definitions of these two indicators, and for all other indicators contained in the PMP.

- Page 31, Q4 [... *Fourth, the level of project reporting should be realistic and closely aligned with informed decision making, i.e. advanced annual work plans supported by quarterly reports with planned vs. actual PMPs at the end of each year...*]

The level of project reporting for the Agribusiness Project is specified in detail in the Task Order, and it is in line with this recommendation of the evaluation team.

- Page 31, Q4 [...*Fifth, budgets, once established, should remain for the duration unless there is a compelling reason for their re-adjustment...*]

This recommendation seems to be in direct contradiction to the first item in this response, which recommends recording expenditures on a sector by sector basis to make “informed management decisions.” Further, the evaluators state “the fact that an activity does not appear to be yielding the required results should not necessarily result in the movement of funds from one area to another...”. In addition, when working with programs addressing private sector actors, flexibility is often required to address the best targets of opportunity. So rigidly locking in activity budgets makes no sense if they are not able to address the challenges at hand.

- Page 31, Q5 [... *There is insufficient data and information available from SAP records regarding the specific target beneficiaries to draw any meaningful conclusions from results in terms of disaggregation...*]

The Annual PMP Results vs. Targets reports provide the results for each disaggregation category mentioned in this section.

- Page 32, Q7 [*...What appears to be emerging from a number of primary sources is that the dairy and livestock / meat sectors have received less support from donors than fruits and berries although the potential for income and job creation in the former is significantly greater than the latter...*]

There were a number of previous projects in Serbia (ie; the FAO Livestock Project in Sandzak, the Danish “Reka Mleka” project in south Serbia, etc.) focused specifically on the Livestock and Dairy sectors. Project management also disagrees with the statement that these two sectors have “great potential for income and job creation”. The history of the development of livestock and dairy production in the more advanced economies shows that the number of farmers providing animals or milk to processing companies has been in a state of continual decline, and certainly this will be true in Serbia as well. As an example, Imlek, the largest dairy processing company in Serbia, has reduced its farmer supplier numbers from 45,000 to 30,000 over the past six years, while increasing its total milk supply due to enhanced productivity, and the trend is continuing. While the dairy and livestock sectors continue to offer potential to grow, they also require substantial assistance to maintain their competitiveness and not lose ground, especially under the new EU guidelines that the sectors are adopting. The Project’s focus on new products, enhanced production systems, and certification services are geared towards maintaining and rebuilding their competitiveness. Meanwhile, the berry sector also requires support to continue efforts to diversify production, improve processing, and sustain its role in providing incomes for thousands of rural families in western and southern Serbia.

- Page 32, Q7 [*...Focus should be on both production and productivity as well as on actually how to run a successful business with all the ramifications that entails. Targeted beneficiaries may be less in number but impact could be measured by following through the results of interventions over a more significant period of time rather than one-off interventions ...*]

The project has invested significant effort in capacity building activities *on actually how to run a successful business*. In Year Two, the project developed Business Plan Development training and trained 50 companies. In Year Four, an extensive program for improvement of business skills was conducted in South Serbia. Through the ‘Road to Culinaria’ initiative a total of 110 agribusiness companies completed a five-module business training program. Also, the Project organized three levels of farm management training providing participants with the information and tools they need to increase their efficiency and competitiveness in the market place. This is not just one-off training, but has focused on building the capacity of local service providers to be able to continue to deliver this type of training on a commercial basis so that farmers and small businesses are not continually “beneficiaries” waiting for outside donors to pay for fundamental services. As with all Project activities, we target market and systemic change, not just output deliverables.

- Page 32, Q8 [*...Access to investment funding remains extremely limited in Serbia with a commercial banking system still not up to speed on the needs of the private sector and on how to satisfactorily address them. Most interviewees met during the evaluation mentioned that this is the single most restrictive factor inhibiting growth and in some case preventing start-ups.*]

The Project is well aware of this issue and has conducted market research on access to finance in Year Four. The Year Five workplan underlines increased access to finance as an important subject area, and the Project will work to address the findings of the aforementioned research. Addressing this challenge needs to be led and owned by the financial institutions who are putting their money at risk, and the project has been working with a number of financial institutions to help them actually lend using the government provided subsidies.

- Page 33, Point 3 [*...The project has implemented a number of grant schemes since inception with varying degrees of success relative to planned disbursements, the initial total of which was \$5.2m but later reduced to \$3.0m and reallocated to “Project Activities.” According to the documents reviewed, a total of \$2.33m has been disbursed so far, accounting for 65% of what*

was planned for the same period. 159 organizations benefited, accounting for 55% of what was planned. Therefore, it can be concluded that pre-determined targets have not been met by SAP... one would expect that the purpose and impact of those grants on clients would be measurable. As this is not the case, it could be argued why have grants available at all...]

Measuring SAP grant performance by the number and value of grants disbursed is a false measure of performance and does not measure impact. The performance of each grant award has been measured against a list of indicators included in each grant agreement. Every grant is selected with the perspective of how this grant will directly link to the competitiveness-related Project results, primarily increases in sales and new jobs. As part of the reporting process, each grantee is obliged to report results achieved from the grant, and each grant is divided into two or more tranches, with grantees required to demonstrate implementation progress in order to receive subsequent tranches. Grantees themselves are part of the performance monitoring plan, as they are required to report on their periodic and final results from the grant funds. These results are reported to USAID in the regular reports that the Project prepares, while details regarding the individual grant awards are available in the grant files. It should be noted that \$2.33 million is 77% of the \$3 million grant pool, so the Project is fully in line with planned obligations and disbursements, and will have fully obligated all of the grant money with the next six months of the Project.

- Page 35, Conclusion 7 [... *The only conclusion that can be drawn is that the activities outlined in the strategy paper for South Serbia and the Sandzak Region are planned for the final year of the project... In fact, SAP has been working with clients in the south of Serbia mainly in certification, training and study tours. Nevertheless, these interventions have been somewhat limited and, certainly, not part of any overall strategy. ...]*

The Project recognizes the challenges for working in South Serbia and Sandzak regions, being the most underdeveloped areas of Serbia. Thus, during Year Four, significant efforts were invested in laying the ground for effective Project activities in Year Five: The project has partnered with the Ministry without Portfolio's Office for Sustainable Development of Underdeveloped Areas (OSDUA), and it has established a presence in Novi Pazar and is under process of doing the same in Vranje by appointing Agribusiness Development Officers to work from offices there. However, Project activities in Southern Serbia and Sandzak can not be described as being limited since clients from these regions will have priority for inclusion in many (or most) of the Project activities. For example, the 'Road to Culinaria' initiative included 110 companies from the South, 45 of which exhibited at the 'Culinaria 2011 Fair'. Also, during Year Four, two major activities for Year Five interventions in Sandzak were developed: (1) In cooperation with OSDUA, the project will build the skills and capacities of women from the region on entrepreneurship in agribusiness and award small grants for business start-ups to women entrepreneurs; and (2) The project will promote blueberry production in the region, train and provide technical assistance to blueberry growers, and establish linkages with neighboring local associations and the National Association of Serbian Blueberries. Finally, it is important to note that since the Project has strategies for each of its value chains, those strategies have all developed new plans to enhance the linkages for firms in the south into the overall value chains. But it is critical to note that even with increased emphasis on the South, many of the Project clients in the South will still be selling through larger companies in the North of Serbia, as that is the nature of many of the value chains.



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Dear Mr. Bogdanovic:

Thank you for the opportunity to comment on your message of October 25 concerning ME&A's evaluation of the USAID Serbia Agribusiness Project, requesting that further improvements be made in the evaluation report. Because the comments of USAID, and particularly those of DAI, reflect upon the integrity of our evaluation and that it is your intention that the DAI response be included as an attachment to the final report, we request that this letter also be included as an attachment.

In implementing the evaluation of the Serbia Agriculture Program (SAP), ME&A assembled a team of two highly qualified agriculture experts and evaluators. In fact, in the SOW, USAID requested that we provide them with a Team Leader and a Level II Specialist. However, given the complexity of SAP, ME&A determined that to conduct a quality evaluation a Level I Specialist was needed. Since USAID determined not to pay for a Level I specialist, we paid the additional cost from our overhead.

Both our team members were very skilled and possessed significant knowledge of the region, in general, and Serbia, in particular. The Team Leader has completed numerous evaluations. Just this year, he has conducted two evaluations for ME&A for which he has been commended for his dedication, knowledge, thorough analysis and high quality of work by the respective USAID Missions. The team member is an experienced agricultural specialist that has conducted several evaluations in the region and knows the area very well.

In light of this, we were surprised to read USAID and DAI's comments about a lack of qualitative analysis of technical assistance efforts as well as of precise recommendations on implementation practices in our report. We believe that our team made all the efforts to provide USAID, in the very short time frame it was given, with a quality report.

Below we will attempt to answer the Mission's comments:

1. The Evaluation Team is pleased to note and agree with USAID's observation that 'the report is better structured with clear focus on two main project components and grants'. We believe that there is also substantial qualitative improvement. All the issues that we were requested to review have been dealt with, some in more depth than others depending on the information available. The Monitoring and Evaluation Matrix is addressed. A quick review of the document in the relevant annex clearly provides commentary on whether an action was delivered or not with comments on deviations where appropriate. These are summary observations with no need for lengthy debate in the content of the report where they are separately discussed in appropriate sections.

2. We do not agree with the comment that "there is little or no qualitative analysis of technical assistance efforts such as training, studies etc." The whole point of including a qualitative aspect to evaluation assignments is to gather first-hand information from recipients and beneficiaries as to the usefulness of specific project-related initiatives such as those mentioned above. This serves to confirm (or otherwise) the satisfaction of those clients who participated in such events. It is not the job of evaluators to review the content of courses over which they have no prior knowledge as it is assumed that such courses have

been developed by the project with USAID's approval. Such activities are common-place on projects of this nature and almost always add some value in terms of a 'feel good' factor among beneficiaries. From the feedback obtained by the Evaluation Team in discussion with some of those beneficiaries there were mixed reviews. Most appreciated USAID's initiatives but in the case of overseas study tours or attending trade fairs most businesses / organizations said they wouldn't be able to afford to go again without USAID (financial) support. There has never been any argument of the usefulness of these initiatives and we have commented on this in the report. We have stated that we believe what was delivered 'worked well' for the most part but that this did not necessarily lead to anything other than 'one off' interventions.

Comment: As stated above, perhaps the timeframe was not adequate since the project almost completed the Year 4 of implementation. As a result, the team had to deal with large volume of various documents that project team designed during the course of implementation. However, there was not reference, discussion about the values chain assessments and their relevance for each sector; no information if the Commodity Action plans were appropriate; if the team implemented activities according to the gaps identified in value chains and according to approved Commodity action plans. We don't know if the evaluation team considered these strategies in their evaluation. Perhaps their analysis was not clearly spelled out but it is in the document. Regarding training curriculum, it was expected that we would get better understanding about the relevance of our trainings, quality of training curriculums and general opinion of the usefulness for the possible future activities.

3. We do not believe that the report focused specifically on evaluation of grants. However, there were significant issues related to grants that remained open to question in the report and these were commented upon accordingly. We also don't know where the 12% grant budget figure referred to in USAID's comments derives from. According to the project's budget statistics, the grant element at the start of the project (\$5.2m) accounted for 30% of total direct costs (\$17.05m) and, once revised downwards (\$3.0m), accounted for almost 19% of total direct costs (\$16.28m). Neither amount is a trivial sum and we found no evidence to suggest that this element had been clearly thought through. A wide range of grants was available at any one time although the Evaluation Team had some difficulty in determining for whom the grants were intended and how disbursement would be monitored. DAI's comment that all grants were rigorously followed up is not confirmed by our interviewers. Some of the recipients informed us that once offered the money, they were rarely contacted. Indeed, one recipient was still a student allegedly running a small business with DAI's contribution! We have tried to remain fair and objective regarding grants but the budget figures speak for themselves.

Comment: the total current ceiling of the project is \$25.8 million with revised grant fund of \$3 million which represents 11.6% of the total available TEC. DAI was already informed to increase their monitoring activities of grant recipients for the Year 5 and this will be reflected in their Year 5 work plan.

4. With regard to the sub-sectors, we went as far as we could in our analysis with the information available. In fact, there was almost no sub-sector strategy at all, with DAI field personnel complaining that communication on the matter with project head office was limited and without clear focus. Where we thought comment was appropriate on specific sub-sectors, these have been addressed in the relevant sections.

Comment: as mentioned above, there are existing 6 value chain assessment and commodity action plans.

5. At the end of the report we have made recommendations that we believe should be considered for the final year and for any follow-on project. For the most part, we are not suggesting dramatic changes to activities but possibly clearer focus in some areas. After 4 years we are also aware that logistically it would be difficult to revise and adapt long held working practices and procedures; therefore, we have only made suggestions that could realistically be implemented. It is our view that if the DAI Management

Team makes more efforts to listen to their own members of staff (past and present) and some of their intended clients and beneficiaries, they might hold a different opinion.

Comment: it is clear from the document that no dramatic changes are needed but with recommendation for the possible follow-on project there was no analysis given for recommended sectors apart from the reference that the Ministry of Agriculture recommend focus on dairy and livestock.

6. We feel that it is important to comment on one of DAI's recurrent themes regarding our evaluation. They claim that we refused to meet with them to discuss the project in more depth and, in particular, their aspirations for the final year. Frankly, this is untrue. Not only did we seek to meet with as many team members as possible but the schedule provided to us at the start of the mission by USAID made regular face-to-face contact outside of the first couple of days impossible. The fact that the evaluation started on August 1, and not June 1 (as it was suggested in the RFTOP) did not help the case because many people were on vacation and it was very hard to arrange meetings. When we did return to Belgrade following our rather hectic field trip, we were not able to find either the COP or DCOP in person in their offices. Indeed, following one unannounced visit when we found no senior member of the team on site, we received a phone call from the DCOP in the field, clearly concerned that we were unable to meet anyone senior in Belgrade. We, therefore, submitted a range of questions by email that were subsequently followed up (mostly but not always to our satisfaction). On the issue of meeting with them to hear their views on the final year, this is largely irrelevant as at that time the final year work plan had not been completed or approved (at least not to our knowledge). As evaluators we can only deal with the facts not with speculation as to what might happen in the future.

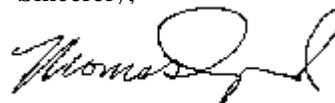
Comment: this statement is not clear. Both COTR and COP delayed summer holidays due to the upcoming Ag project evaluation. COTR was not informed that the Evaluation team could not get in touch with DAI senior management team. Perhaps the administrative assistant who was arranging for the meetings was not aware that COTR was in daily/regular contact throughout summer with COP and he could easily arrange for the meeting any day.

7. We understand USAID's interest in hearing a response to the project implementer as normal and warranted to further understand the status of the project and its challenges, and to inform the Mission's objectives in making future programming decisions. However, we find USAID's request to attach their comments together with DAI's as an annex to the final report unusual, as the report could not then be considered as truly "independent." However, if USAID insists, we would like to also be able to attach this response. Please let us know.

Comment: both ME&A and DAI should include their comments and attach them to the final document. This would help any future reader analyze the report and perhaps get better understanding and finally make his own view about the evaluated project.

We appreciate the opportunity that your USAID mission gave us to provide this evaluation, and hope that in the end it serves as a valuable tool to you in implementing your agribusiness program currently and in the future.

Sincerely,



Thomas C. England
President