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# YEAR TWO ANNUAL REPORT

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## **Executive Summary**

The project's three key objectives are to create jobs, attract domestic and foreign investment, and increase domestic and export sales. As it has worked toward these objectives over two years, the Azerbaijan Agribusiness Center, implementing the work of the RECP Project, has assisted clients to enter new markets, improve product quality and processing efficiency, access credit, purchase equipment and invest in new facilities, and improve upstream and downstream linkages.

Ten Account Managers are providing services to 42 long-term clients. After thoroughly assessing client needs through a SWOT analysis, clients and Account Managers collaboratively develop strategic action plans that guide further assistance. While assistance is tailored to the needs of each specific client, general areas of emphasis include trade and marketing; processing; finance and credit; and logistics and inputs. Since the inception of the RECP project, clients have achieved \$2,326,303 in trade and invested \$4,862,750 in plant improvements or expansion with AAC assistance.

The work plan developed for Year Two was designed to build upon the successes of Year One, expand those activities that had the most impact, and revise or remove those activities that did not meet the changing needs of the client base. The target audience was further refined, with decreased emphasis on production and increased emphasis on processing as the ABAD project came on line and began to take on production support activities.

Two trends are visible in the administrative, organizational, and staffing changes of the past six months. First of all, whenever possible management has strived to increase local managerial responsibilities and promote the autonomy of regional offices. Secondly, there has been a shift from broad, long-term technical assistance to a series of short-term, focused, highly technical consulting assignments.

Staff skill building and mentoring is an on-going process and a strong foundation has been built. Staff members continue to receive instruction through internal and external forums on a variety of business and management topics as well as technical processing topics.

Client assistance was focused on improving competitiveness through proactive technical and business assistance in market chain analysis, market development, trade and investment facilitation, and processing technologies. Market analysis was conducted on the domestic honey market and the domestic sausage market for two client companies. Attendance and exhibiting continued at trade fairs in Europe, the Middle East, and the CIS. The purpose was not only to sell product, but also to expose clients to new technologies, markets, products, and ideas.

Broader sector assistance is focused on developing supporting organizations such as the AAMC and G&R Consulting, meeting the informational needs of the sector through targeted publications, and targeting key value chains for analysis and development. For example, the Azerbaijan Agribusiness Marketing Council (AAMC) has formalized its structure by adopting the proposed bylaws and defining a fee structure for membership, and is now focused on two priorities: membership generation, and delivery of value-added services. Value Chain work continues with more specific interventions in the meat chain, specifically in sausage and poultry, and with an assessment of a second value chain – the horticulture chain.

This report will provide background on the project, detail the primary AAC achievements to date and describe the major activities of Year Two.

## Introduction & Background

The goal of the Rural Enterprise Competitiveness Program (RECP) is to raise rural incomes and agriculture productivity in Azerbaijan. The program will increase the volumes and quality of fresh and processed agricultural product so that the volume of value added products sold in domestic and export markets increases, providing income benefits for a broad range of producers and processors, and will enable Azeri agricultural products to displace imports and reach export markets by introducing the competitiveness paradigm in the agricultural and agribusiness clusters of Azerbaijan's economy.

In order to achieve these objectives, the project will focus on two primary tasks, as envisioned by USAID:

- RECP Task # 1: Improving domestic product quality; and
- RECP Task # 2: Expanding the focus of the agribusiness sector on competitive products.

The RECP project has created a local entity, the Azerbaijan Agribusiness Center (AAC), through which to implement its activities. This was done to ensure the future provision of support activities to the agricultural sector – the AAC will continue to provide services to the Azerbaijan agribusiness community on a sustainable basis after the RECP project has ended.<sup>1</sup>

The AAC states its service offering as follows:

- **Production:** High value production (greenhouse, High Value Horticulture); machinery service supply; extending market windows through innovation; introduction of new products; improving links to processors; formalization of market linkages; and modernization of production techniques and inputs.
- **Marketing:** Market research (domestic & export); market surveys, plans and strategy; market identification & introduction; competitive product identification; participation in trade shows and market events; and introduction of stable contracts for sustainability.
- **Processing:** Linkages to supply; improvement of raw materials; improvement of process efficiency and equipment; food safety & quality, HACCP; packaging; competitiveness compared to imports; and targeted value addition (e.g., cut chicken, fruit yogurt, baby food, processed nuts, tanning).
- **Logistics:** Collection and distribution centers; terminal wholesale markets; catering and institutional food supply; airline and cargo company infrastructure; transport and machinery custom service; and transport standards and pooled transport service supply.
- **Finance and Credit:** bankable deals; agribusiness development foundation; alliances or partnerships for development; facilitation of leasing; trade and contract finance mechanisms; asset registration; and machinery and facility targeted credit and investment.

Above all, the project's aim is to provide demand driven services, focusing not only the production aspect, but on the needs of the marketplace. In other words, all products and services will be designed based not on what the Azeri agribusiness sector can produce or process but what the customer wants. While these topics will be detailed in subsequent sections, it is important to note the focus on marketing, market linkages, and value addition along the chain, in keeping with the demand-driven philosophy that guides all AAC activities.

The project's three key goals are to create jobs, attract domestic and foreign investment, and increase domestic and export sales. The official PMP (Performance Monitoring Plan) parameters to measure project performance are based on these goals and are: increases in value added productivity, number and value of trade deals and sales increases, and value of investment into agribusiness.

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<sup>1</sup> From here on, AAC will be used to refer to the team and implementation, while RECP refers to the USAID project.

## Year Two Achievements

In Year Two, 10 Account Managers provided services to 48 companies, of which 42 are long-term AAC clients. A detailed SWOT is done in the preliminary stages of work with each company and the Account Manager works with an action team from the client to develop an action plan for the future of the company and for the role that AAC will play in that development. In Year Two, this process was improved and a solid base of productive clients was established. The project is now poised to increase that client base dramatically.

With the help of AAC, the clients achieved over \$2,326,303 in new trade and invested over \$4,862,750 in plant improvements (these are cumulative figures). Assistance from the AAC is tailored to meet the needs of each client, but general areas of emphasis include trade and marketing; processing; finance and credit; and logistics and inputs. In addition, there have been 804 new jobs created in AAC client companies. A rough guide used by many organizations to show the impact that trade and investment has on employment is that for every \$10,000 dollars of trade/investment, one job is created. Based on this guide the project's rate of job creation well exceeds what might be expected from the level of trade/investment achieved by clients.

Here are some highlights of accomplishments of clients in Year Two as a result of assistance from AAC Account Managers:

### Trade and Marketing

- ✦ *Golden Hive Association* received a grant to host the Fourth Annual honey exhibition in Baku. Last year, members sold honey and related products totaling \$68,960.
- ✦ *Nur-M*, a fruit and vegetable processing company attended a trade fair in Moscow with help from the AAC and began negotiations with a Georgian company that ended with a \$106,800 deal for tomato paste. Trade fairs have proved to be a useful way for Nur-M to expand their market and further deals seem likely.
- ✦ Kurdamir based juice processor *Sharq LLC* had no sales when it started working with AAC. Over the past year, the company has used trade fairs to export its entire product for almost \$300,000.
- ✦ *Samedoglu AtaTurk* worked with Account Managers to evaluate the profitability of its processing operation. The AAC was able to find a buyer for their milk which will increase revenue and cash flow in the short-term so that the processing operation can be made more competitive.
- ✦ *REM* and *M&T* are both productive AAC clients. The former is a catering company in need of reliable local food producers. The latter is a sausage processor which is consistently making improvements in its quality standards. AAC introduced the two and they have now completed a long-term contract.
- ✦ Account Managers have worked with many clients on the development of brochures, business cards and other promotional materials that have helped the companies market themselves at trade fairs and elsewhere.
- ✦ *Sabirabad Conserve*, one of the leading juice producers in Azerbaijan, actively pursued buyers and suppliers at the 2005 St. Petersburg InterFood Fair, resulting in two large long term contracts that will pay the company \$0.80 per liter of juice.
- ✦ *Interpak LLC* has continued its recent export success with a \$50,000 deal for juices and jams with a Ukrainian distributor. The company is also developing several other contacts throughout the FSU.
- ✦ Sausage processor *M&T* asked the AAC to help it develop a brand name. Account Managers organized focus groups and questionnaires and made a presentation of their findings to the company which is now able to make an informed choice about the future of their brand image.
- ✦ Baku based honey processor *Shahdag E* turned to the AAC for help with its marketing plan. Account Managers developed a comprehensive strategy for the company that includes advertising, positioning, and promotional materials and which was based on extensive market research.

### Processing

- ✦ *Nadir Arzag and Samedoglu AtaTurk* met with an American consultant who helped them design professional blueprints for the expansion and modernization of their slaughterhouses.
- ✦ *Azerin Macaroni* was losing a significant amount of pasta to breakage during the production process. An Account Manager was able to identify the problem, and find a specialist to fix it. This has led to a 25% increase in sales.
- ✦ Many AAC clients have worked with a HACCP consultant and Account Managers on sanitation improvements. All of them have made significant strides and some are on their way to becoming HACCP compliant. One company received a grant from the AAC for full HACCP training for their staff.

### Finance and Credit

- ✦ The AAC encouraged *Lyuks* to contact the USAID supported CredAgro for credit and helped the company develop a business plan and other necessary materials. As a result, a \$25,000 loan was approved at a very competitive rate. This working capital will be used to meet increased demand for tomato paste and cucumber pickles. Overall, this effort will provide work for 115 people and will allow *Lyuks* to make additional trade deals.

### Logistics and Inputs

- ✦ *Khachmaz Sud* purchased vacuum packaging machine and high quality plastic bags from Russia. Their white soft cheese is now professionally packaged and labeled.
- ✦ *Shahnigar Ltd* suffered from an unacceptable breakage rate during their corking process. An Account Manager found a source of higher quality bottles for them that would not break while being corked.
- ✦ Matching a broiler company with a new feed input supplier, helped to lower the broiler's feed costs. In the first week, two shipments totaling \$1,400 were made and both companies have benefited.

### Agribusiness Sector Development

- ✦ The AAC released the second edition of *The Complete Guide to Financing in Azerbaijan*. This is available in Azeri and English and is the only resource of its kind in the country.
- ✦ The Azerbaijan Agribusiness Center continued its successful "Buy Azeri" promotional campaign to stimulate interest in domestic food products. The posters are visible throughout the country.

### Investment in Infrastructure and Product Improvements

- ✦ *Davachi Broiler* completed a \$1.8 million investment in a new slaughterhouse that will include equipment from *Stork*, a Dutch equipment supplier.
- ✦ *Atasenaye* has recently made a \$1,475,500 investment in a new egg laying facility in Shamkir. The AAC assisted the planning for this project including an internal audit, human resources and management restructuring, project strategy, cost analysis, and market analysis. An Account Manager also introduced equipment suppliers to the company and helped negotiate the final purchase contract.
- ✦ *Mardakan Broiler* invested almost \$900,000 in a new breeder flock, a flash freezing operation, sanitation improvements, and waste processing. The AAC has assisted in these efforts and is also helping the company develop a new feed formulation.
- ✦ *Optimal* has invested \$70,000 in a new bottled water and jam processing facility that will greatly expand the company's capability over its former operation.
- ✦ Five AAC Clients worked with an American labeling expert to improve the quality the design, clarity and printed quality of their labels. With his help they have dramatically improved their image at little increased cost.
- ✦ Four AAC clients have worked with a poultry consultant to dramatically improve their feed formulations. One of them is projected to save \$300,000 annually if it can incorporate the recommendations.

## **Review of Year Two Activities**

The work plan developed for Year Two was designed to build upon the successes of Year One, expand those activities that had the most impact, and revise or remove those activities that did not meet the changing needs of the client base. The target audience was further refined, with decreased emphasis on production and increased emphasis on processing as the ABAD project came on line and began to take on production support activities.

A collaborative relationship between the RECP CTO and COP allows for revision of the work plan as necessary. It is a working document that can generally react to the needs and demands of the marketplace, in keeping with the project's philosophy, stopping activities that are clearly not competitive, and expanding those areas proven to have immediate opportunity.

Client assistance was focused on improving competitiveness through proactive technical and business assistance in market chain analysis, market development, trade and investment facilitation, and processing technologies. Broader sector assistance is focused on developing supporting organizations such as the AAMC and G&R Consulting, meeting the informational needs of the sector through targeted publications, and targeting key value chains (horticulture, meat) for analysis and development. Each broad category of activities is discussed in the subsequent sections.

## **Administration and Staff Development**

In October, the AAC moved to a new office location in the old city. The move was very quick, with no disruption in activities. The new office separates the program staff, with a client-accessible location for Account Managers, and separate facilities for the administrative staff and training room.

In January, a new Chief of Party took over the RECP project, and a new Director of Client Services took over leadership of the Account Managers, along with a local Deputy Director of Client Services. The outgoing Chief of Party remained highly involved as Project Manager, and the overall focus, tempo, and goals of the project remained the same. The transition was completed smoothly with no operational implications, and work accelerated in February with an increase in technical assistance, training programs, and trade fairs after the holiday lull. In April the new Chief of Party unexpectedly resigned. Mr. William Levine arrived in July to take over as COP. During the three month period between April and July, the project maintained momentum and there was minimal impact on AAC activities.

The management of the AAC has continued to increase local managerial responsibilities. Two trends are visible in the administrative, organizational, and staffing changes of the past year. First, whenever possible management has strived to increase local managerial responsibilities and promote the autonomy of regional Account Managers. In April one expatriate consultant was moved from Lankaran to Baku. As a result, the Lankaran staff have taken on additional managerial responsibilities and the consultant has focused on providing his technical expertise to a broader range of Account Managers and clients. In North-West Azerbaijan, the remote work station in Mingichevir was closed. The two Account Managers in that region are now working out of Ganja, which allows them to increase their focus on the remote areas of the country such as Zagatela and Tovus. An office was re-established in Quba, to provide more visibility in this area.

Secondly, there has been a shift from broad, long-term technical assistance to a series of short-term, focused, highly technical consulting assignments. This has resulted in two expatriate staff redundancies and an increase in the pace of short-term paid consultancies and volunteer assignments.

A second Account Manager graduated from the AAC, putting his experience as a trade and marketing specialist to good use as the marketing manager for a growing local company. Two new trade and marketing specialists were hired and, after a period of on-the-job training and

mentoring, have now developed their own client portfolios.

Staff skill building and mentoring is an on-going process and a strong foundation has been built. During the first half of Year Two the pace of staff development in technical and management topics has accelerated, and this is planned to continue through the rest of the year. A variety of methods are used in the staff training process: in-house training, workshops by visiting volunteers and consultants, and participation in external seminars. The following is a list of workshops that staff (and some clients) attended in the past year:

*Business and Management Topics*

- How to Conduct a Detailed SWOT Analysis
- Cost Analysis
- Value Chain Theory
- Sales Presentation Role Play
- Basic Financial Skills
- Credit and Leasing Opportunities
- Marketing Research
- Positioning and Branding
- Creativeness
- Foreign Direct Investment Planning (WTO)

*Processing Technical Topics*

- Basics for HACCP Food Safety Management System
- Basics of ISO Certification
- The Poultry Industry in Azerbaijan
- Basic Sanitation in Processing Operations
- Least Cost Feed Rations
- Program on the Encouragement of Organic Agriculture (SECO & GTZ),
- HACCP plans

## Grants

Grants were not designed to be a separate work plan element, but to further the goals of the RECP project. Grant procedures were developed to manage the disbursement of RECP grant monies by FLAG International, LLC and were approved by USAID and adopted by the AAC on March 15. The grant program will facilitate organizational and marketing activities of targeted business groups, support improved marketing and trade opportunities, and provide other support to agribusiness enterprises.

The following is a complete list of grants provided or approved in Year Two. All of these grants have been wholly or partially disbursed, or approved for disbursal. The total for Year Two is \$169,938 although this could change slightly as the receipts for the last travel grants are submitted.

Organization or Event	Location	Sector	Type of Grant	Grant Size
World Food Ukraine 2004	Kiev, Ukraine	Food Processing	Travel Grant	\$24,206
SIAL	Paris	Food Processing	Travel Grant	20,000
Polagra Farm Trade Fair	Poznan, Poland	Agriculture and Livestock	Travel Grant	\$10,000
IATF 2004 Trade Fair	Dubai,UAE	Food Processing	Travel Grant	\$14,000
M & T Company	Baku	Sausage Manufacture	HACCP Compliance	\$12,000
Interfood St. Petersburg	St. Petersburg	Food Processing	Travel Grant	\$15,370

World Food	Moscow	Food Processing	Trade Fair	\$26,775
AtaSenaye	Italy	Joint Venture Development	Travel grant	\$6,000
World Food 2005	Kiev, Ukraine	Food Processing	Travel grant	\$22,735
AAMC	Baku	Export	Event support	18,852

## Informational Resources and Materials

Administrative staff and Account Managers continue to update the client management database system with client and industry information. Many additions have been made to the library and statistical and market information is collected and distributed to staff on a regular basis.

The *Guide to Financing in the Agribusiness Sector of Azerbaijan* was completed and released, in both English and Azeri, by the AAC in October 2004. The second edition was released in July 2005.

The second addition of the *Guide to Investing in the Agribusiness Sector of Azerbaijan* is being finalized.

## Inter-Program Cooperation

MBAEC volunteers are no longer affiliated with a separate USAID program. RECP has a direct agreement with the MBAEC to use one volunteer each year. MBA Volunteer, Mr. Brian Wozniak ended his assignment on September 30<sup>th</sup> 2005, after working as a mentor for the Account Managers, the AAMC and G&R Consulting. A new MBAEC volunteer, Norm Capistrano, replaced Mr. Wozniak October 1<sup>st</sup> 2005.

The ABAD (previously ABAD) project has begun activities, and RECP provided support as they established their first BDRC in the Jalilabad region. The two projects continue to cooperate by meeting regularly to exchange information, and the AAC works with client processors to identify production needs that can be passed on to ABAD.

In June of 2005 the AAC began hosting an *Ag Sector Implementers Roundtable*, which brings together organizations implementing development activities in the agriculture sector in Azerbaijan. There has been a great deal of interest shown by the implementers and this activity will continue.

## Client Outreach, Training & BDS

The AAC Account Managers provide services “on demand” to clients as they develop business plans, marketing plans, financial strategies, and company improvement programs. In addition, the AAC staff focuses on educating agribusinesses, lenders, buyers and others on the value and importance of long-term sustainability and competitiveness of agribusiness.

Account Managers are serving a portfolio of agribusiness clients throughout Azerbaijan, providing services directly and with the help of long- and short-term paid and volunteer consultants. In addition, technical assistance is being used to mentor Account Managers, strengthening their business and technical skills, and providing them with a strong knowledge base to draw on while consulting clients. Wherever possible, the AAC promotes synergy between the formal educational programs and the real-life environment of the market chains being created by AAC through: third country trade and investment development tours; client roundtables and discussion groups; and targeted training to address region-specific needs.

In addition to direct provision of services by the AAC, the AAC completed two grant agreements to achieve the client outreach and BDS portions of the work plan.

In order to ensure that the benefits of agribusiness development reach as much of the

population as possible, the AAC assists the entrepreneurs of remote rural areas of Azerbaijan to enter the mainstream agribusiness sector by developing and providing them appropriate programs, consulting and training. As with isolated rural communities, the AAC strives to bring the benefits of agribusiness development to IDP communities as well, supporting the existing activities undertaken by USAID and working to incorporate IDP communities into the mainstream Azeri economy. Both of these target groups were served by GABA, a Ganja-based association providing services under a grant agreement with the AAC.

In addition, to foster the development of independent BDS providers, the AAC gave a grant to G&R BSU, which was registered as a separate legal entity from its parent company, Davachi Broiler, and which provided BDS services to the AAC including market research and training.

GABA will submit a proposal for further work under AAC grant funding. Both organizations are currently looking at ways that this partnership can continue to service AAC's sector research, regional focus, and work with IDPs.

G&R BSU will finish out its grant funding with a market research project which will focus on pomegranate production. The AAC has identified this as a product with high potential for export and added value and research into production, concentrate, and markets will help identify how best to assist the growth of this area. Upon completion of this project, G&R will have completed its grant and will be welcome to submit further proposals but will not be the AAC's exclusive BSU provider.

## **Azerbaijan Agribusiness Marketing Council**

The Azerbaijan Agribusiness Marketing Council (AAMC) formalized its structure and has begun the registration process. The AAMC suffered a setback by having to terminate the Executive Director. To date the council has been unable to find a suitable replacement and the AAC has stepped in and provided one of its staff to fill this position on a part-time basis. The council has begun a membership drive and to date has held four monthly luncheons. In addition, the AAMC has hosted an international conference entitled *Opportunities in the Russian Food Market*. This event is the type of activity that the AAMC would like to organize on an annual basis to support the development of the agribusiness sector in Azerbaijan. The AAMC's growth is much slower than originally anticipated. The AAC will be working with the AAMC in year three to assist in increasing membership and the capacity of the council.

## **AAC Marketing Programs**

In Year One, the AAC team designed a BUY AZERI Marketing Campaign (*Buy Local Products – Support Your Country*) to stimulate awareness of domestic products. The campaign focuses on promoting the local food industry through images that invoke a feeling of local pride and slogans that further foster this feeling such as *Help Your Country Grow*, thus engendering a sense of loyalty towards, and affinity with, domestic producers. The two poster designs of the first year were added to with a new design, featuring the same slogan, which was launched in February.

The AAC continues to promote its activities and highlight timely topics of interest to agribusinesses through a newsletter now published quarterly. In addition, the AAC website, [www.aac.az](http://www.aac.az), is updated regularly.

## **Value Chain Development**

The project has worked on value chain development in two ways. The first, more general approach has been to address specific value chain linkages needing attention. This includes developing the input supply chain and post-harvest handling for fruits and vegetables in conjunction with the RABD project. Plant operations and processing improvements such as HACCP, ISO and Total Quality Management (TQM) training are also vital to value chain

development, as are development of peripheral services such as transportation, warehousing, and logistics. All of these activities were continued in Year Two.

In addition, the AAC has selectively researched, the value chain for selected product groups, and then designed interventions to strengthen these product value chains. This holistic approach will complement the company- and linkage-specific activities described above and is a long-term approach to development. Previous research has indicated that sector specific reports are the strongest aspect value chain research and are where the AAC is able to draw most upon past experience.

General value chain linkage development will continue, in particular in the areas of:

- The input supply chain (in conjunction with the ABAD project)
- Post-harvest handling for fruits and vegetables (in conjunction with the ABAD project)
- Plant operations and processing improvements (HACCP, ISO TQM, QMS)
- Peripheral services – transportation, warehousing, and logistics

## Market Analysis and Trade Development

The purpose of market analysis is to identify areas and opportunities where AAC can serve as a catalyst in working with the agribusiness sector, as well as to identify potential buyers in the domestic and export markets to enable commercial transactions. The AAC strives to gather market information to develop appropriate trade and market development activities.

In Year Two, the AAC accelerated its work in market research and competitive analysis to improve the knowledge base of its agribusiness clients. Today, one of the primary impediments to good business decision making in Azerbaijan is the lack of accurate, up-to-date information. Market surveys, consumer research, and distribution chain mapping can greatly improve decision making. Where possible, the AAC uses qualified local companies to provide information to better leverage resources and build local capacity. In addition, Account Mangers have now performed several market research projects on their own for specific clients and their product groups. This effort will continue and the more experienced Account Mangers will form a team that will travel throughout the country to help clients gather more information about their market.

## Trade Fairs

While trade fairs have benefits beyond trade and marketing (such as technology know-how, access to inputs and equipment, competitive analysis, etc.), they are included in this section for ease of reference. Below are the names and descriptions of the trade events in which the AAC participated during Year Two:

DATES	SHOW	LOCATION	PARTICIPANTS	HIGHLIGHTS
Oct 7-10	Polagra-Farm	Poznan, Poland	4 clients (greenhouse, dairy processor, feed company)	-Three companies found possible equipment suppliers -One made an export arrangement -Several equipment suppliers interested in the Azeri market
Oct. 17-21	SIAL	Paris, France	4 clients (greenhouse, sausage, hazelnut, catering)	-The catering company began importing equipment for a new café facility -All four companies made potential supply and export contacts
Nov 2-4	World Food Ukraine	Kiev, Ukraine	7 clients (3 juice, 2 vegetable processors, 1 winery, 1 cheese maker)	-One company ordered jars from a new supplier for a cost savings of \$44,000 -Two companies signed export contracts for juice

				-One company opened a representative office and leased warehouse space
Dec 12-16	IATF	Dubai, UAE	6 clients (3 dairy, 1 juice, 1 hazelnut, and 1 leather goods)	-First exposure to a new market: wholesale and retail point of sale research -Business contacts established with both suppliers and potential buyers
Feb 20-23	Gulf Food	Dubai, UAE	Staff only - Research	-Good understanding of Dubai food imports, statistics, and pricing. -Development of distribution, hotel, and retail contacts. -Promotion of Azerbaijan to potential buyers.
Mar 31-Apr 3	FOTEG	Istanbul, Turkey	Staff only - Research	-Examined Turkish retail markets as a possible model for Azerbaijan's development -Established business linkages with packaging and sausage casing companies, dairy cultures supplier, hygiene & sanitation and lab equipment companies, and cooling and freezing room manufacturer.
Apr 11- 14	Interfood St Petersburg 2005	St. Petersburg, Russia	5 Clients (Dairy, Wine, Juice and Sausage)	-Juice sales by one company \$72,000 with long-term contract beginning in Nov 05. -Packaging materials purchased for \$144,374 - Business contacts established with both suppliers and potential buyers.
Sep 20 – 23	World Food Moscow	Moscow, Russia	4 Clients (Juice, Jam, Hazelnuts)	-Client signed \$10,000 contract with Russian supermarket chain for walnut jam. Contacts established with potential buyers.

## Institutional and Food Service Client Companies

In Year Two, a number of institutional and food service companies were identified. One catering company is a long term client and another is a trade resource. In addition, the AAC has worked extensively with clients to help them acquire the standards necessary to win contracts with institutional and food service client companies.

## Investment and Access to Finance

General work is being done to identify products and sectors most attractive for investment and concurrently to identify investment funds and resources, both domestic and foreign, which may be interested in the Azerbaijan agricultural sector. Account Managers have begun working with one local investment firm. The second edition of the Azerbaijan Agribusiness Investment Manual (mentioned previously), will be released shortly. This resource is the only one of its kind in Azerbaijan. In addition, Account Managers and expatriate advisors are working on client specific support such as business plan development, which will help individual agro-enterprises to access financing.

The AAC will facilitate \$7,362,750 in cumulative internal and external investments in Year Three. In the coming year, activities will also continue to include an outreach plan for investors and clients. In addition, the AAC will coordinate with ABAD on training and technical

assistance on leasing. Staff will be trained to assist clients in interacting with finance organizations and investors. This will be gradually developed into a standard program for client-lender-investors.