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“Umid” Support to Social Development Public Union

FY 2009-2013 Final Report

PROGRAM NAME: “COMMUNITY BASED SUPPORT TO PRODUCERS OF DAIRY PRODUCTS”

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List of Acronyms:

Umid SSD PU	Support to Social Development Public Union
USAID	United States Agency for International Development
DGP	Development Grant Program
BP	British Petroleum
NGO	Non-Governmental Organizations
ExCom	Executive Committee
LLCs	Limited Liability Companies
MCPs	Milk Collection Points
MPFs	Milk Processing Factories
SC	Support Centre
BDS	Business Development Services
CG	Community Group

1. Executive Summary

Program Overview	Target area
<p>GOAL: Increased skills and sustainable income of small-scale dairy farmers.</p> <p>OBJECTIVES:</p> <ul style="list-style-type: none"> ▪ To establish new Milk Collection Points in interested and motivated communities ▪ To increase the quality and quantity of milk sold to Milk Collection Points; ▪ To link local dairy farmers to support services and milk processors; ▪ To enhance the capacity of private husbandries and dairy farmers. <p>EXPECTED OUTCOMES:</p> <ul style="list-style-type: none"> ▪ 20% increase in raw milk supplied to targeted collections points and processors; ▪ 20% decrease in bacteria count at collection points resulting in processors receiving better quality milk; ▪ 20% increase in farmers receiving credit; ▪ 30% increase in market knowledge among farmers in target areas; ▪ 2 official or unofficial dairy farmer associations created in target regions. <p>COMMITMENTS OF THE REPORTING PERIOD:</p> <ul style="list-style-type: none"> ▪ Information dissemination about the project in the target areas and identification of target communities; ▪ Providing training and consultations in the target communities for purposes of developing knowledge and skills of the dairy producers; ▪ Establishment of 6 MCPs and rehabilitation of 1 MCP; ▪ Creating linkages with MPFs; ▪ Identification of support centers and creating linkages with them; ▪ Performing work in a direction of raising quality and quantity of the produced and sold milk; ▪ Formation of farmers’ associations. 	<p>Target Areas:</p>  <p>Target areas</p> 
<p>Activities implemented during the reporting period:</p> <ul style="list-style-type: none"> ▪ Information dissemination was realized in 55 communities of 7 regions, and the target communities were identified; ▪ 76 training sessions were provided to 1241 dairy producers in the target communities; ▪ MCPs were established in 6 target communities, and 1 MCP was rehabilitated; ▪ 7 agreements for cooperation were signed with 3 MPFs; ▪ Relations were created with SCs; ▪ “Clean Farm” contest was conducted; ▪ 7 initiative groups consisted of the dairy producers were formed; ▪ Cooperation with governmental and private agencies was proceeded throughout the project’s implementation; ▪ A conference was organized. 	<p>Photo Summary</p> 
<p>Challenges faced and addressed</p> <ul style="list-style-type: none"> ▪ Major challenges were encountered during allocation of lands for establishment of MCPs and reception of permission documents for connecting the MCPs to the electricity network. Intentional procrastination and artificial obstacles were created during receiving permission documents. But the above problems were mitigated after long-lasting discussions and negotiations with the relevant agencies (governmental and private). 	

2. Program Overview

Implementation of “Community Based Support to Producers of Dairy Products” Project has been made possible thanks to USAID’s financial support, and BP and Co-Ventures’ cost sharing. It surely enabled “Umid” SSD to assist the development of national economy through qualitative and competitive development of the dairy sector in collaboration with governmental authorities, communities and private sector.

Target area of the project covered the communities around Ganja (Yevlakh, Samukh, Goranboy, Shamkir and Goygol regions). Also, farmers of Kurdamir and Ujar regions who had appreciable potential in the dairy sector were supported under the project.

The direct beneficiaries of the project were private households, entrepreneurs, farmers and small dairy associations engaged in dairy production and processing.

The aim of the project was to expand the scale of milk and dairy products, sold by small dairy husbandries and small and mid-scale farmers, creating regional collection centers and liaising with the target group of milk processing entities. This aim was addressed through activities with the following objectives:

Objective 1: Awareness of producers of dairy products;

Objective 2: Institutional and entrepreneurship capacities of local smallholders, farmers, dairy associations;

Objective 3: Expanding technological opportunities of various size farms engaged in dairy sector and improving mechanisms for controlling the quality.

The project activities and effective project performance were reflected in:

- Number of communities increased the volume and quality of milk sold and MCPs developed;
- Number of the entities established sustainable relations with the MPFs and MCPs;
- Number of SCs collaborated with official and unofficial associations.

Increase in quality and volume of milk was extensively controlled in the target regions. Enhancement of knowledge and skills of small, mid farmers and private husbandries in the corresponding areas resulted in improved sanitary and hygienic circumstances for the animals, as well as provided better quality nutrition, which consequently developed opportunities to achieve increased volume of milk production.

3. Program Activities and Impact Analysis

3.1. Working with communities:

Identification of the target communities

In order to identify the target communities, information dissemination was realized in 55 communities of 7 regions, 51 out of which were the communities located along BTC pipeline, i.e. the project team met with CG leaders, Municipality members and local authorities, as well as community members, during which provided the information about the project (goal, importance and donors), explained rules of collaboration within the project, and necessary documents were submitted.

#	Regions	# of communities informed about the project	Communities submitted their interest letters	Communities submitted data about themselves
1	Kurdamir	6	4	4
2	Ujar	8	4	2
3	Yevlakh	7	6	4
4	Goranboy	10	5	5
5	Samukh	9	6	6
6	Shamkir	11	6	6
7	Goygol	4	2	2
Total:		55	33	29

Assessments were continued in 29 communities which interested in involvement in the project and submitted data about their communities. The submitted data about the communities were analyzed

based on 6 criteria (indicators). Data submitted by communities were analyzed and evaluated separately, and summarized after which 14 communities were selected from among 29 communities.

Criteria
I. Development level of community
II. Implementation opportunities of MPs
III. Local resources
IV. Milk production opportunities
V. Market opportunities
VI. Development level of farming industries

Though Karrar settlement of Kurdamir region was not among the selected communities, repeated assessment was conducted in this community under the community’s appeal and request of the regional ExCom after which it was included in a short list.

Meetings of the Selection Commission were conducted in three

stages for identification of the target communities based on the data submitted by or obtained through investigations in these initially selected 15 communities.

The first meeting of the Selection Commission was conducted on May 06, 2010 in the Head Office of “Umid” SSD. The Selection Commission included 6 members – representatives of USAID, BP, “Umid” SSD and Azerbaijan Scientific Research Animal-Husbandry Institute.



Information about the members of the Selection Commission

#	Name & surname	Organization’s title
1	Sheila Yuong	USAID
2	Farida Akhundova	USAID
3	Rena Hasanova	BP
4	Rasim Guliyev	“Umid” SSD
5	Ahmed Aliyev	“Umid” SSD
6	Agalar Movsumov	ASRAHI



After analyzing and evaluating information about each of the communities separately, 3 communities, one from each of Yevlakh, Samukh and Goranboy regions (Nematabad community of Yevlakh region, Veyisli community of Goranboy region and Seyidler community of Samukh region) were selected as target communities.

The Selection Commission recommended to conduct additional assessment and propose alternative communities for the next selection taking into consideration low potential in the communities submitted their data from Goygol and Shamkir regions.

On September 17, 2010, the second meeting of the Selection Commission was conducted in “Umid” SSD’s Head Office with participation of the representatives of USAID, BP and “Umid”

SSD in order to select the target communities from Shamkir and Goygol regions. Saritepe community of Shamkir region and Mollajalilli community of Goygol region were selected as target ones from among 5 communities proposed by the Selection Commission after providing detailed information by the Project Coordinator and Specialists to the Commission members about progress of “Community Based Support to Producers of Dairy Products” project and measures taken in a direction of identification of the next two target communities.

The third meeting of the Selection Commission was conducted in “Umid” SSD’s Ganja Office on February 10, 2011, for the purpose of identification of the target communities from Kurdamir and Ujar regions. During the meeting, USAID’s Baku Office was contacted via the phone. Garabujag community was selected from Kurdamir region, and Bargushad community – from Ujar region under a decision of the Selection Commission.

#	Region	Community name
1	Shamkir	Gilinjbayli
2		Sabirkend
3	Samukh	Alibayramli
4		Seyidler
5	Goranboy	Sarov
6		Gushchular
7		Veyisli
8		Gurbanzade
9	Goygol	Chayli
10	Yevlakh	Ashagi Garkhun
11		Nematabad
12	Ujar	Teze Shilyan
13	Kurdamir	Karrar village
14		Karrar settlement
15		Topalhasanli

During the project’s implementation, absence of enough potential for MCP performance in Bargushad community of Ujar region, and failure of Veyisli community of Goranboy region to perform profitable work created necessity of selection of other communities with high potential. After surveys and assessment conducted for solution of the problem, it was decided to establish the MCP, which had been planned to be established in Bargushad community, in Karrar settlement of Kurdamir region, and to move the MCP located in Veyisli community of Goranboy region to Gushchular community of the same region.



#	Region	Target community	Remarks
1	Yevlakh	Nematabad	Surroundings of Ganja
2	Goranboy	Veyisli	
3	Samukh	Seyidler	
4	Shamkir	Saritepe	
5	Goygol	Mollajalilli	
6	Kurdamir	Garabujag	Central region
7	Ujar	Bargushad	
8	Goranboy	Gushchular	Surroundings of Ganja
9	Kurdamir	Karrar settlement	Central region

The project personnel contacted to and had discussions with the representatives of USAID, BP, Milk Processing Factories (Bilasuvragro and Kurdamir Milk Factory) and other related agencies related to the planned changes. Meetings were conducted with the heads of rural Municipalities, ExCom representatives and community members of both communities, and discussions and conversations were held with them, after which it was decided to realize the planned



changes. Thus, the communities listed in the table left were selected as target communities and performance started in these communities.

General meetings were arranged in each of the above target communities in order to provide the information about the project. Moreover, the criteria developed for identification of Community Liaison Officers (CLOs) were distributed among CG members, Municipality heads, ExCom representatives, and other interested people during the meeting. Booklets reflecting the information about “Community Based Support to Producers of Dairy Products” project were distributed to the participants of the meetings and other events for awareness-raising purposes. In every community selected as target one, a Memorandum of Understanding for mutual collaboration was discussed during a meeting organized with participation of CG members, local Municipality members, ExCom representative, farmers and “Umid” SSD’s project personnel, signed by CG leader, Municipality Head and “Umid”

SSD’s Top Manager taking into account suggestions and remarks of each party, after which the collaboration started.

Analyzing existing MCPs and MPFs

Survey blanks were developed to collect information about MCPs and MPFs, select target communities and collaborating with them. Survey blanks contain the following sections to get much more information on entity:

- **Information on entity ;**
- **Production capacity, kinds of the produced products ;**
- **Received milk, where milk is received from and its price ;**
- **Existance of MCPs**

In future, creating linkages will be continued with MPFs of targeted and nearby areas and database will be extended which will enable MCPs to create effective business liaisons not only with processors, but also with communities.

In order to assess a potential and needs of Milk Processing Factories, and demand for raw-material, meetings were conducted in 22 MPFs and 8 MCPs, during which the information was obtained about them. During these meetings, experiences related to establishment and performance of MCPs, collection of milk and provision to the MPFs were assessed, and opinion sharing was realized (detailed information about the assessed MPFs and MCPs was provided in the [Annex 2](#)).



As a result of assessments and investigations conducted among MPFs, the following MPFs are among the entities mostly interested in cooperation within the project: Milk Pro, Gilan Milk Processing Factories, Bilasuvar Agro, Samukh Milk Processing Factory, “Jeyranchol” LLC and Kurdamir Milk Processing Factory of Azersun Holding. Kurdamir MPF and Samukh MPF did not start their performance during assessment period. But they were interested in a MCP which would be established as a reserve source. “Jeyranchol” LLC and only two of Milk Processing Factories of Gilan Holding perform 30% work, and the other factories are planned to start their performance till the end of this year. “Milk Pro” possesses MCP networks, and is not interested in working directly with new MCPs. But “Bilasuvar Agro” does not hide its interests in collection of milk from surroundings of Ganja, its transportation and reception in a centralized way. That’s why it had been decided that new MCPs would cooperate with “Bilasuvar Agro” LLC in future. Cooperation of this MPF with the MCPs under acceptable conditions created assurance for successful and durable collaboration in future.

Other MPF, located in Agcabadi region, is the largest one for planned milk reception volume. This MPF plans to receive 250 tons raw milk per day. Moreover, this entity intends to be a leader not only in Azerbaijan, but in all Caucasus for variety, form and volume of its dairy products. Top managers of the entity, who expressed their interests in establishment of MCP, stressed their high demand for high-quality of raw milk which would be received from MCP.

During assessment in MCPs, their working principles, management mechanisms and resources were mainly focused on.

After analyzing the assessment outcomes, two management models were developed for managing MCPs which would be established within the framework of the project. “Bllasvaragro” LLC MPF was decided to be cooperated in establishment and management of MCPs in surroundings areas of Ganja, and “Kurdamir Milk Factory” was decided to be cooperated in establishment and management of MCPs in the area of Kurdamir region.

Building knowledge and skills and raising awareness of the dairy producers

Booklets

In order to raise awareness and build knowledge and skills of the dairy producers, booklets on the following five topics were designed within the framework of the project:

1. Information about “Community Based Support to Producers of Dairy Products” project – This booklet was designed for raising awareness of the community members, dairy producers, MCP and MPF employees and support centers about the project’s goal and objectives, as well as the essence. The booklet includes brief information about the project, target areas, project’s goal and objectives, major undertakings, expectations and the donor’s of the project.

2. “Humanist attitude towards animals” – This booklet reflects an information about careful attitude towards the animals, its importance, organizing keeping and feeding circumstances of the animals according to the norms, rules of providing the animals with water and forage corresponding to feeding norms, taking care of them according to sanitary-hygienic and veterianry demands, protecting them from outside negative impacts (physical, chemical, radioactive rays and electromagnetic waves), as well as treating with the animals kindly, especially providing special care to the milch cattle.

3. “Importance of artificial insemination” – This booklet includes an information about essence, purpose and importance of artificial insemination. This booklet stressed great role of artificial insemination in raising productivity, preventing from spreading of infection among the animals, obtaining genetic materials, protecting and raising economic efficiency of Genefunds.

4. “Milk Chain” – This booklet includes information about channels of sale of the dairy products of farms and households, traditional sale channels in the current market, and value chain of milk in a

comparative manner. Moreover, it stresses a role and importance of MCPs of transition by the dairy producers from a sale via traditional sale channels to value-added milk chain form.

5. “Refrigerating and storing the milk” – This booklet includes an information for the dairy producers about ways of storage of new milk till delivery to the producer without losing its quality. Pollution of milk, ways of preliminary cleaning of milk, duration of preservation of milk depending on its refrigeration, factors influencing over production of healthy milk, and the project’s donors are reflected in the booklet.

About 4000 booklets and leaflets were distributed during information dissemination process, training and meetings, collection of milk and other events and activities for raising relevant knowledge and skills of the dairy producers in the target communities.

Training and consultations

Throughout the project, surveys were conducted in all target communities for the purpose of assessing needs of the dairy producers for training and consultations. According to surveys, the dairy producers need training and consultations on raising quality and quantity of the produced milk, feeding the cattle, milking cows, market knowledge, entrepreneurship, management and marketing. Materials on the most needed 12 topics were developed, and training and consultations were provided by the specialists.

The following table details the training topics:

#	Training topic	Remark
I. Specific trainings on cattle-breeding		
1.	Organization and management of circumstances required for feeding and taking after the cattle, humanist attitude towards them.	
2.	Organization and management of feeding of the cattle	
3.	Organization and management of veterinary and zootechnical events	
4.	Organization and management of production of ecological clean milk	
II. Business trainings		
1.	Stock taking	
2.	Marketing	
3.	Defining a price	
4	Credit and appeal for credit	
5.	Entrepreneurship	
III. Trainings for MCP personnel		
1.	Usage of equipment and devices, and ways of their usage. Milk analysis	
2.	Organization of supervision over sanitary-hygienic condition in MCPs. Refrigeration, storage and transportation of new milk	
IV. Association trainings		
1.	Formation of initiative groups consisted of the dairy producers	

36 training sessions on “Organization and management of feeding the cattle”, “Organization and management of circumstances required for feeding and taking after the cattle, and humanist attitude towards them”, “Organization and management of veterinary and zootechnical events”, “Production and processing hygiene of ecological clean milk” were conducted in the target communities in order to raise knowledge and skills of the dairy producers in the target communities. Number of training attendees was 647 people, including 15 women.



Training attendees obtained knowledge and information about projection and construction of feeding and keeping conditions of the milch cattle in compliance with sanitary-hygienic and zootechnical norms, hygiene of feeding and humanist attitude to the animals, classification of various forage, feeding norms, reasons, progress of, prophylactic and preventive measures from infectious diseases among the animals, importance of artificial insemination, as well as sanitary-hygienic rules during milking cows and storage of milk.

Moreover, consultations were provided to the dairy producers of the target communities by the specialist about artificial insemination of the cattle, feeding norms of the milch cattle and feeding the cattle.



Surveys conducted among the dairy producers revealed low level of their business management skills, as well as taking financial stock, receiving credits, management of business plans and market knowledge.

20 training sessions on 5 topics were conducted for the purpose of raising business and market knowledge of the farmers. 390 farmers, including 70 women participated in the trainings. During the training sessions, the attendees received knowledge and information about entrepreneurship, marketing, market research, receiving and managing credits, importance and rules of taking financial stock.

As per the outcomes of repeated surveys conducted for identifying level of market knowledge in the target communities, business and market knowledge and skills of the dairy producers were raised 31% in comparison with the previous survey due to training and consultations.

For more detailed information about the survey outcomes, please see the [Annex 4](#).

During implementation of the project, various trainings and consultations were provided for the purpose of building knowledge and skills of the MCP employees. The MCP employees were provided with 13 trainings on “Milk analysis, working principles of analyzing devices and rules of their usage” and “Supervision over sanitary-hygienic condition in MCP”. 64 people, including 7 women participated in the training sessions.

Depending on needs, MCP employees were provided with consultations by a Consultant/Specialist on protection of devices, complying with sanitary-hygienic rules during maintenance and usage of devices and equipment, rules of usage of devices required for milk analysis for purposes of mitigating the problems encountered during milk analysis, as well as during reception of



milk. Alongside with above trainings, 7 training sessions on “Formation of initiative groups” were conducted for the purpose of raising business knowledge of the dairy producers, improving their access to the market and supporting their performance in a group form. Number of participants in these trainings was 94 people, including 15 women. During the trainings, the participants were provided with information about a concept of a group, necessity and importance, as well as principles of group performance.



In general, during the project’s implementation, 76 training sessions and consultations on 12 topics were provided for owners of husbandries, MCP personnel, farmers and community members engaged in small business. Total 1241 people, including 246 women participated in these training sessions and consultations.

№	Training topic	# of trainings	# of attendees		
			Women	Men	Total
1	Specific trainings on cattle-breeding	36	150	497	647
2	Business trainings	20	70	320	390
3	Trainings for MCP personnel	13	7	57	64
4	Association trainings	7	15	79	94
5	Consultations	15	4	42	46
Total number of attendees of trainings & consultations		76	246	995	1241

For more detailed information about training sessions, please see the [Annex 3](#).

Formation of initiative groups

Currently, the agrarian sector is represented with individual husbandries, households and farms. But public unions, associations and cooperative societies do not exist in unofficial or official form. For that reason, it was planned to support formation of unofficial or official farmers’ groups consisted of potential dairy producers of the target communities as associations and public unions in order to decrease the expenses of the dairy producers, increase their impact over the market, promote easier cooperation with various entities and achieve the government’s support in this field.

But initially the formation of Initiative Groups in the target communities was decided to be more advisable for the current period since the owners of husbandries located in rural areas were not ready for formation and development of such unions.

For the purpose of supporting progress of groups consisted of equal-right women and men populated in the target areas, as well as the dairy producers engaged in the same activities,

- an appeal form was elaborated,
- awareness-raising activities were realized among the community members,
- information was obtained from the groups willing to perform joint work on the basis of corresponding form,
- preliminary meetings were conducted with the initiative groups.

8 initiative groups were formed in the target communities throughout the project’s implementation. Trainings were provided to and meetings were arranged with these initiative groups in order to increase their knowledge and skills. Linkages were formed among the initiative groups in order to promote their joint performance in future. Such unofficial and community-based unions of the producers bear self-help character, and will unite in a form of joint protection of interests in future after being registered with the state.

Collaboration with Support Centers

Assessment was conducted for forming relations of the dairy producers not only with MPF, MCP, but also with Support Centers (SC) as well, for the purpose of raise quality and quantity of milk produced in the target communities, improve species and productivity of the cattle. Dairy producers were informed about data collected through assessment and research conducted in 29 Support Centers (forage producers, centers of artificial insemination, financial entities, veterinary service entities, business consultation centers, pedigree entities etc.).

In order to strengthen the relations and start cooperation with SCs engaged in production and sale of forage, a Memorandum of Understanding on mutual cooperation was signed among Mollajalilli community of Goygol region, Veyisli community of Goranboy region, Seyidler community of Samukh region and “Gizil Yem” (Golden Forage) Forage Production Company located in Ganja city. The Memorandum included the issues like committments and duties of the parties, cooperation,

assessment of communities’ needs for strong forage, production of forage depending on needs, providing consultations on efficient and correct usage of forage, and organization of sale of forage in communities.

In order to raise quality and quantity of milk produced in the husbandries, and promote more efficient usage of forage by the dairy producers, necessary consultations and a technical support were provided by specialists. For this purpose, meetings of dairy producers were organized with the specialists, and linkages were created among them. Head Specialist of “AgroMechanics” SRI Mr.Ali Abbasov demonstrated devices for grinding forage and cutting grass into small pieces in the target communities. The devices were designed for usage in private husbandries in order to prevent from loss of forage. After the meetings, the dairy producers of three communities and owners of close husbandries purchased such devices.



Moreover, the project personnel had a meeting with “Azeryem” company’s representative in “Umid” SSD’s Ganja Office under the initiative of groups existing in Seyidler and Nematabad communities. During the meeting, the information was received about the company’s products. In order to identify an impact of a proposed forage over indicators of milk, it was decided to feed cows of one of the husbandries included in an initiative group in each community with this forage, and track the results. It was decided to start a cooperation between “Azeryem” company and the dairy producers.

Farmers of Garabujag community and Karrar settlement contacted to and obtained relevant information from Imishli Forage Plant and Kurdamir Milk Factory in order to obtain forage for the milch cattle.

SCs engaged in artificial insemination and veterinary services basically take preventive measures, vaccinations, make artificial inseminations, treatments etc. There are private or governmental veterinary service centers in every region and in all large villages of every region.

In order to raise the dairy producers’ access to these services, the project personnel contacted to the specialists of artificial insemination of 3 regions involved in Agricultural project of Norwegian Humanitarian Organization. Moreover, the dairy producers, small and middle farms benefit from veterinary services of Veterinary Office of the Republic, services of local specialists of Pedigree Office of the Republic, as well as the services of the graduates of veterinary faculty of Azerbaijan Agrarian University.

Contact data and phones of several physical and juridical persons providing artificial insemination and veterinary services in the target communities were included in a table, which had been distributed

among the dairy producers. Moreover, meetings of these physical and juridical persons with the dairy producers were arranged.

The Community Liaison Officers regularly contact to Support Centers, and organize timely vaccination of the cattle and take various veterinary measures.

Linkages and relations of the dairy producers with various laboratory and centers (a laboratory which is active within AIC, and Hygiene and Epidemiology Centers active in the regions) were created in order to increase quality and quantity of the produced and sold milk, as well as to identify quality of forage and microbiological composition of milk.

In order to identify microbiological composition of milk produced and sold in the target communities, an agreement was concluded with Epidemiology Center of Ganja city for making analysis of milk samples, after which the milk samples taken from the target communities were analyzed.

Information about results of microbiological analysis of milk divided by communities

#	Regions	Communities from which milk samples were taken	Results of the first analysis (10 samples from each community)		Results of the last analysis (20 samples from each community)		Comparison of results (percentage of increase)
			Number of husbandries where microbes in a normal rate	Number of husbandries where microbes exceed norms	Number of husbandries where microbes in a normal rate	Number of husbandries where microbes exceed norms	Percentage of husbandries where microbe rate got normal
1	Goranboy	Veyisli	2	8	16	4	23,3%
2	Samukh	Seyidler	5	5	15	5	
3	Yevlakh	Nematabad	10	0	20	0	
4	Shamkir	Saritepe	9	1	18	2	
5	Goygol	Mollajalilli	7	3	18	2	
6	Ujar	Bargushad	5	5	14	6	
7	Kurdamir	Garabujag	6	4	16	4	
8	Kurdamir	Karrar settlement	7	3	16	4	
9	Goranboy	Gushchular	2	8	15	5	
Total:			53	37	148	32	
Percentage of results			58,9%	41,1%	82,2%	17,8%	

The first samples were taken from 10 husbandries in each of 9 target communities and analyzed by Hygiene and Epidemiology Center of Ganja city. As per the analysis outcomes, 37 out of 90 milk samples were found to be polluted with microbes above norms. Various information dissemination

and awareness-raising activities were conducted among the dairy producers in order to mitigate this problem.

After conducting awareness-raising activities, repeated samples were taken and sent for analysis. According to the results of repeated analysis, 32 out of 180 milk samples were found to be polluted with microbes above norms, which shows 23,3% improvement of microbiological composition of milk in comparison with the results of the previous analysis. The above table reflects the results of analysis of milk samples.

For more detailed information about improvement of microbiological composition of milk produced and sold in the target communities, please see the [Annex 5](#).

For the purpose of creating linkages and forming relations with loan agencies, assessment of banking and non-banking loan agencies providing credit services in the target areas was conducted. As a result of assessments, information about 8 banking and non-banking loan agencies providing credit services, as well as their branches was obtained.

In order to help the dairy producers and farmers of the target communities to develop their husbandries and improve their access to finances, their meetings were organized with the representatives of and relations were formed with Parabank, “Azeri Star MikroFinance”, “FINCA Azerbaijan”, “Seba” non-banking loan agency etc. During these meetings, representatives of above entities provided detailed information about credit opportunities, terms and principles of providing credits, and answered the questions of the meetings’ participants.



A meeting with representatives of “Parabank” was much more interesting for farmers. During the meeting, the bank’s representatives provided wide information about agrocredits and credits provided under finance of the National Fund of Assistance to Entrepreneurs, which had been reported to be provided with an interest of 6-7% per year for development of cattle-breeding, farming, gardening and poultry keeping.

Moreover, the project personnel contacted to banking and non-banking loan agencies active in the target regions (Turan Bank, Access Bank, Bank of Respublika etc.), obtained information about their performances (booklets, tables, contact data) and distributed among the dairy producers.

As a result of the meetings and relations of the dairy producers with the loan agencies, the dairy producers’ usage of credit raised, and their access to finances improved, i.e. number of credit receivers raised from 190 people in 2011 till 249 people in 2012, which shows 31% increase in number of credit receivers.

For more detailed information about collaboration with the assessed banking and non-banking loan agencies, as well as usage of credit, please see the [Annex 6](#).

A meeting of the members of an initiative group formed in Seyidler community of Samukh region was organized with a specialist of Norwegian Humanitarian Enterprise.

In order to form relations with SCs in every target area, a database of entities and persons, active in all sectors, was elaborated and distributed to the communities.

In sum, 7 meetings were conducted between the communities and SCs. Number of the participants of these meetings was 152 people, including 8 women. For more detailed information about SCs, please see the [Annex 7](#).

3.2. Establishment of MCP

Selection of procurement subject:

Assessments were conducted in three target communities for establishment of MCPs, and tender process started for selection of implementing agency after elaboration of MCPs’ general plan, sketch, approximate budget and other necessary documents.

With regard to establishment of MCP, announcements on bid were put up in press and TV channels between July 22-24, 2010. The below mentioned documents were required:

- a) Proving document of taxpayer, tax payer’s status: Certificates on “Simplified Taxpayer” or ‘VAT payer’;*
- b) Address and contact information (phone, fax, email etc.);*
- c) Brief information on skills and implemented projects;*
- d) Reference letter(s) from previous customers (phone must be indicated);*
- e) Brief information on other activity directions;*
- f) Letter proving bank requisites;*
- g) Brochures or booklets describing activities (if any).*

As per bid announcements, 16 construction and service providers applied. The experiences and capacities of organizations were evaluated and 7 organizations were requested to submit their Price Offer Packages on installation of MCP and as a result, 5 organizations (Simmetriya LLC, Tuba LLC, Impuls LLC, Kristal LLC and Khamsa-L LLC) submitted their Price Offer Packages and all packages received in sealed envelopes and were evaluated by Bid Commission. Bid Commission arranged 2 meetings for selection of service provider (vendor) on establishment of MCP. The first meeting was organized in August with participation of representatives of “Umid” SSD, USAID and BP. Commission members evaluated the packages with 1-10 points



system taking into consideration work experience of organizations in working with communities, reference letters, documentations and technical-material base of the organizations. In sum, Tuba LLC was given the highest point by members. But the meeting decided assessment of generalized prices submitted by the organization and providing the commission on this issue. On September 17, 2010, a meeting was held in “Umid” SSD’s Head Office on selection of Service Provider (Vendor) related to establishment of MCP. “Umid” SSD’s Executive Director I.Isgandarov, Program Director R.Guliyev, Procurement Manager E.Asgarov, Project Coordinator Z.Zohrabov, project specialists – M.Abadov, A.Aliyev, as well as USAID’s representative Farida Akhundova and BP’s representative Rena Hasanova participated in the meeting.

As per the outcomes of the assessments related to 5 organizations, who submitted their price offer packages, discussions were arranged with chiefs of facilities, technical base of organizations were analyzed. Commission reviewed new price offers submitted by organizations after meetings held with them.

Criteria such as price offers, experiences in related field and with communities, reference letters, etc. were taken into consideration and organizations were evaluated through 1-10 points system. “Kristal” LLC won the bid with 180 points. As a result, “Kristal” LLC was defined as an implementer of establishment of MCP and relevant agreement covering project budget, implementation mechanism, duration, community contribution and rights and liabilities of parties was concluded between “Umid” SSD, “Kristal” LLC, CG Leader, and local Municipality Head. Assessments were conducted in 3 target communities and general plan, scheme, estimated budget and other related documents on establishment of MCP were designed.

Receiving permission documents:

Preparatory works were implemented on the establishment of MCP in the communities identified in the 1st phase. Location of MCP was defined in each 3 communities. Together with Bilsvuaragro’s Specialist, a visit was conducted to the venue of MCP to be installed. Correspondence to usage, road, water, power provision was reviewed and the area was considered to be satisfactory. In compliance with Legislation of the Republic of Azerbaijan on construction or installation works (also, establishment of MCP) it is needed to get permit documents from 5-6 governmental bodies:

- An order by local municipality on allocation of land for construction of MCP;
- Proper direction of Head of the regional ExCom;
- Plan approved by Land Committee under the regional ExCom;
- Reference by Ecological Department;
- Permission document from Electricity Department on connection to electricity network and technical conditions.

“Umid” SSD’s long-term, sustainable relations with communities and local authorities ensured carrying on prompt and sound documentation process.

Selection and allocation of a land for establishment of MCP:

In usual, several areas are identified by the local Municipalities for establishment of MCPs, and the allocated lands are reviewed by Heads of local Municipalities, community leaders and the representatives of MPFs’ with which a cooperation will be created. Existence of road, pure water and electric line are usually focused on during allocation of a land. After identification of an area for establishment of a MCP by common consent of the parties, documentation works start.

A community leader apply to a Municipality with a request of allocation of a land for establishment of MCP, since the project is a community-based one. A Municipality makes a decision on allocation of a land, State Land and Cartographing Committee designs a Statement of Selection of Area and prepares a Plan of Relief, takes out to the auction and at the end, a Rent Contract is usually signed.

Due to the reforms related to giving land areas to the rent and property in the Republic, allocation of lands takes a long period, and various customs and payments are required.

Lands were allocated or rented in each of 6 target communities (Saritepe community/Shamkir region, Seyidler community/Samukh region, Gushchular community/Goranboy region, Nematabad community/Yevlakh region, Garabujag community and Karrar settlement/Kurdamir region) for establishment of MCPs.

Receiving permission documents required for joining MCP to electricity network:

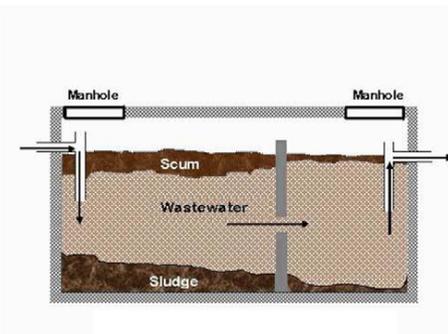
All MCPs, established in 6 target communities, were connected to the electricity network after receiving permission documents. For this purpose, the project personnel had to collect various documents from 5 separate entities located in various regions and towns. This process usually lasts for several months (3-7 months) due to not-in-timely review of appeals and artificial obstacles. The following steps are required for receiving permission documents for each MCP:

1. Any object’s owner should receive a Certificate on Electric Power from one of the branches of Azerbaijan State Project Institute after submission of MCP’s Land Document and List of Users;
2. An object’s owner should apply to regional Electricity Network with an application jointly with a Land Document, Certificate on Electric Power (license);
3. An Engineer of regional Electricity Network should prepare a scheme of electric energy provision after reviewing an area;
4. A regional Electricity Network should prepare a reference for a Technical Statement;

5. Regional Electricity Network should prepare a Technical Statement based on the submitted documents and reference;
6. Terms of a Technical Statement should be fulfilled;
7. After fulfillment terms of a Technical Statement, a contract should be signed between an object’s owner and regional Electricity Network;
8. An estimate should be prepared;
9. A payment should be made;
10. Work order should be given according to the contract (a counter should be purchased and tested in a laboratory);
11. A counter is installed in an object by EN representative according to work order;
12. A counter is tested and sealed by a representative of a laboratory;
13. An object’s owner should apply to the State Energy Control Office with application reporting about completion of construction works as required by a Technical Statement, after which the object’s equipment should be reviewed and asked for permission for joining it to the Electricity Network;
14. A representative of State Energy Control Office should verify jointly with Commission members whether all terms of a Technical Statement are fulfilled, after which an Act of Issue should be prepared and permission should be given for its usage;
15. Sale and Purchase Contract should be signed between an object’s owner and an entity which sell an energy;
16. Sometimes additional documents are required in various regions.

Monitorin and Mitigation Plan:

“Monitoring and Mitigation Plan” on mitigation of environmental hazards during establishment of 6 new MCPs and rehabilitation of 1 MCP was prepared and approved by USAID.



This document gives clarification of construction works of MCP which was planned



to be established, and reflects measures on mitigating and reducing the possible environmental hazards during establishment and performance of MCPs. Such kind of measures include mainly controlling ballyhoo, safety of workers, creation of

a system of removal of wastes from construction areas and rendering harmless of waste water in the area, and instructing all the personnel about all of above-mentioned measures.

As a part of a plan on mitigating negative impacts over quality of water, a system of rendering harmless of waste water was established in every MCP. A general principle of a system of rendering harmless of waste water is as follows: sizes of detritus tank for MCP will be 1,2m x 2,4m x 1,8m. Final system of a tank can be changed depending on characteristics of area and production capacity of MCP. The final infiltration area should be defined taking into consideration type of a land, volume of dirty water, protection from frost and cold etc.

Detritus tank was made for keeping waste water and making firm wastes to settle to bottom. Oil and other substances being in upper layer of water generate upper layer of waste water. Panels placed inside tank prevents from flow of those dirt layer (i.e. firm substances in the bottom and light substances in the upper part). Partial concrete walls are placed in center of the tank, which separate the tank into two parts (sections). This serves for prevention of mud from entering into the space between panels. Tanks usually have two hatches, which locates in upper part of every panel.

As envisaged in the project, a system of cleaning waste water was constructed in each of 6 MCPs established in the target communities.

Establishment of MCPs:

4-sided agreements were signed in 6 target communities among the procurement agency “Kristal CM” LLC, selected for establishment of MCPs, leaders of community groups, heads of local municipalities and “Umid” SSD’s representatives. The agreements reflected budgets of the projects, a mechanism of their implementation, duration, amount of community contribution and rights and commitments of the parties.



Moreover, 4-sided agreements were signed among a community, Municipality, “Umid” SSD and MPF for the purpose of starting collaboration with MPF during implementation of a project, establishment and management of MCP. Cooperative agreements were signed with “Bilasuvaragro” LLC which performed as a MPF during establishment and management of MCPs in Saritepe, Seyidler, Gushchular and Nematabad communities, and with Kurdamir Milk Factory of “Azersun” Holding as a MPF during establishment and management of MCPs in Garabujag community and Karrar settlement of Kurdamir region.

Every project was realized based upon “Monitoring and Mitigation Plan” approved by USAID, “Umid” SSD’s Guidelines on Procurement of Micro-projects, BP’s Safety Rules and Legislature of Azerbaijan Republic.

A system of cleaning waste water and water line was constructed in every MCP; every MCP was connected to the electricity network and fenced with metal net. Trees were planted inside of the fence.

In order to mitigate a problem encountered during transmitting dirty water generated during washing water cans during work process in MCPs into a system of cleaning waste water, a special place for washing water cans was established in every MCP by an implementing agency “Kristal CM” LLC.

Moreover, cages were installed for electric generators in the MCPs established in Saritepe community of Shamkir region, Seyidler community of Samukh region, Karrar settlement of Kurdamir region, Nematabad community of Yevlakh region and Gushchular community of Goranboy region under recommendations of BP’s representatives.



Alongside with establishment of six MCPs, the project envisaged improvement of condition of one MCP as well. After assessments conducted for this purpose, a Memorandum and Cooperative Agreement were signed with “Samadoglu-Ataturk” company dealing with reception and processing of milk in Mollajalilli community. But some problems were encountered for proceeding cooperation with “Samadoglu-Ataturk” company, i.e. the company did not provide necessary information for development of a Business Plan which envisaged rehabilitation of Milk Reception and Processing Department of the company, and did not foster organization of the planned meetings. The company was not interested in making an investment in the dairy sector, since the company was not able to be profitable due to high cost price of its products as a result of high price of milk in the area. Just for above reasons, it was decided to cease a cooperation with “Samadoglu-Ataturk” company.

After additional assessments, a cooperative agreement was concluded between “Goychay-Milk” OSC and “Umid” SSD for the purpose of making restoration works in Yevlakh MCP belonging to “Goychay-Milk” OSC. As per the agreement, a laboratory room was established in the MCP, an area where the refrigerator tanks located and a hatch were repaired, and the laboratory was appropriately equipped. Alongside with the community members, local ExComs and Municipalities, MPFs and other entities were actively involved in the implementation of the project. Demand-driven devices and equipment were used during establishment of MCPs.

Opening ceremonies of MCPs:

Opening ceremonies of “Establishment of Milk Collection Points” microprojects, which had been realized within the framework of “Community Based Support to Producers of Dairy Products” project implemented by “Umid” SSD under financial support of USAD and BP and Co-Ventures, were organized in all the target communities.

Upon completion of establishment of MCPs in the target communities, opening ceremonies were organized in Veyisli community of Goranboy region on May 19, 2011;

Nematabad community of Yevlakh region – on July 08, 2011; in Seyidler community of Samukh region – on October 19, 2011; in Saritepe community of Shamkir region – on April 25, 2012; in Karrar settlement and Garabujag community of Kurdamir region – on November 20, 2012. USAID’s Project Manager Mariam Ubilava, USAID/Azerbaijan Mission Director Mr.Michael Greene, USAID’s Development Specialist Mr.Kanan Mustafayev, Project Management Assistant Ulker Akberova, Samir Hamidov, BP’s representative Mr.Kamil Sadikhov, Ilham Aliyev, representatives of USAID’s Rivalry and Trade Project, representatives of local NGOs AIC and GABA, representatives of MPFs “Bilasuvargar” LLC and Kurdamir Milk Factory of “Azersun Holding”, deputy heads and other representatives of regional ExComs, heads of municipalities, “Umid” SSD’s Executive Director Mr.Israyil Isgandarov and Project Director Mr.Rasim Guliyev, other project personnel, community



members, dairy producers and small farmers of the neighboring communities participated in the opening ceremonies as well.

During the opening ceremonies, the community members expressed their deep gratitude to the donors and implementing agencies for their support in establishment of MCPs. Guests, who participated in the ceremonies, wished successes to the community members in the work of MCPs.

4. MCP Performance

Six MCPs, established in the target communities of “Community Based Support to Producers of Dairy products” project, as well as the improved Yevlakh MCP, are busy currently with reception of raw milk from the dairy producers.



Nematabad community of Yevlakh region



Seyidler community of Samukh region

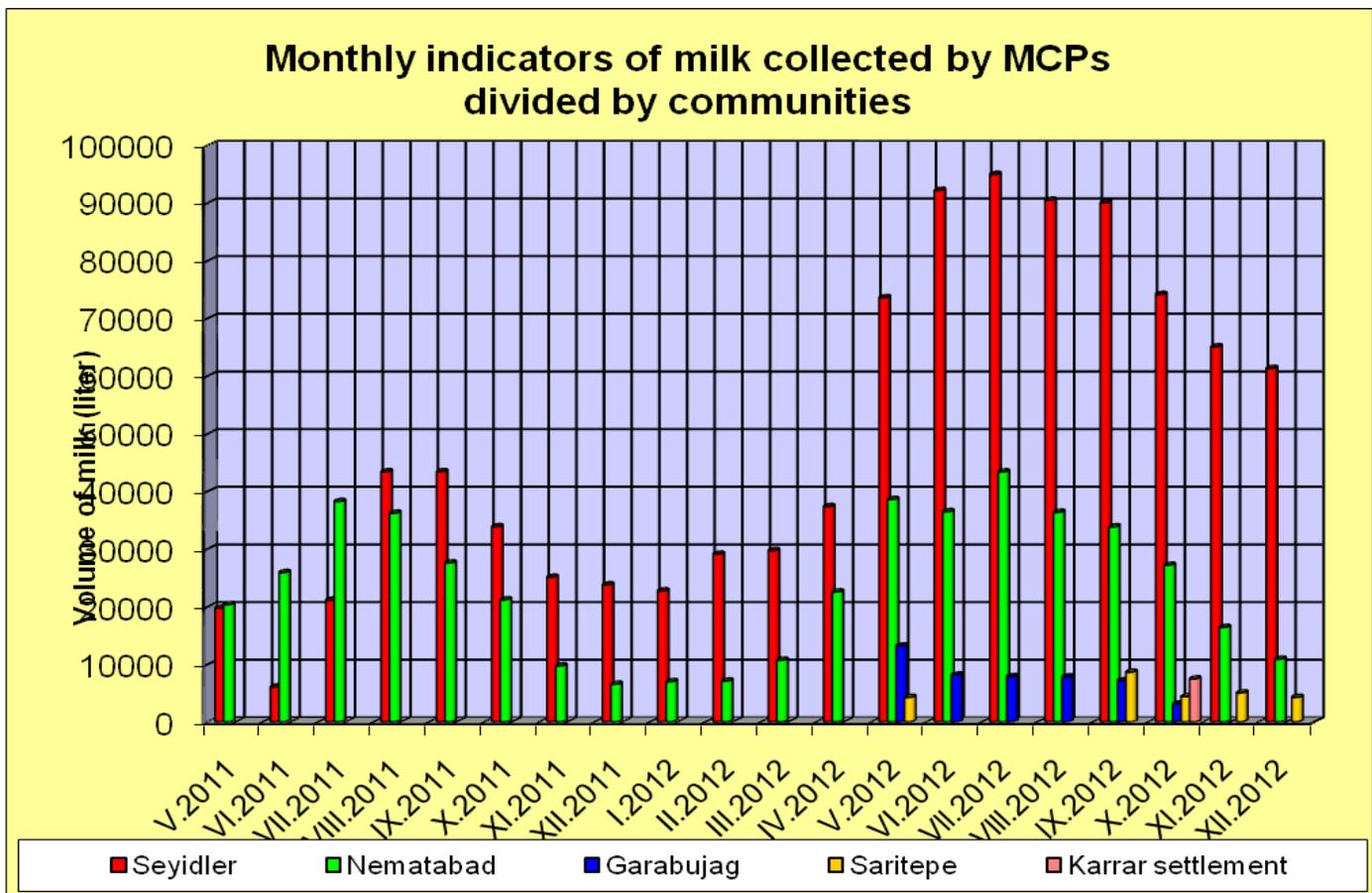
14 people, including 2 women were provided with permanent jobs in the established MCPs. Each of them makes about 10-12 AZN of income per day.

During the period of their performance (05.2011 – 12.2012), the MCPs established in the target communities throughout the project’s implementation, had received 1 536 547 litres of raw milk from the dairy producers. More than 360 husbandries located in the communities where the MCPs have been established are selling raw milk to the MCPs. Every family make an income of average 150 AZN per month.

In sum, quantity of milk, sold to the MCPs during the last 8 months of 2012 (967199 litres), increased 140% in comparison with the last 8 months of 2011 (402814 litres). Some husbandries active in the target communities changed their activity directions into dairy production.

Sales Manager of Kurdamir Milk Factory Mr.Baran Tekin has stated that milk reception from the communities usually stops from November till April-May since production of milk is usually low and milk price is high during winter months. He further has stressed that despite the interval in milk collection during winter, the dairy producers are always collaborated and provided with necessary support. For this reason, MCPs established in Garabujag community and Karrar settlement of Kurdamir region stop reception of milk temporarily in winter (November-February).

Despite of completion of installation of MCP in Gushchular community of Goranboy region, it cannot start reception of milk due to challenges encountered during reception of permission documents for connecting the MCP to the electricity network. Activities continue currently in a direction of connecting the MCP to the electricity network.



For more detailed information about quantity of milk sold to the MCPs, please see the [Annex 8](#).

“Clean Farm” Contest

The project envisaged organization of “Clean Farm” contest for the purpose of creating a stimulant for formation of exemplary farms in the communities targeted under the project, normal feeding of the cattle, looking after them, as well as showing humanist attitude to them. For this purpose, information was disseminated in the target communities about conducting the contest, its terms and importance. Forty owners of farms from 7 communities appealed to get involved in the contest.



The Evaluation Group conducted an evaluation in the farms appealed for involvement in the contest based on the evaluation criteria.

#	Region	Community	Name & surname	Points collected
1	Yevlakh	Nematabad	Bakayev Bari	131
2	Kurdamir	Garabujag	Mehtiyev Gorkhmaz	142
3	Shamkir	Saritepe	Mammadov Saftar	153
4	Goygol	Mollajalilli	Guliyev Veled	145
5	Kurdamir	Karrar sett.	Aliyev Muhammed	138
6	Samukh	Seyidler	Shafiyev Akif	186
7	Samukh	Seyidler	Kazimov Ilgar	226
8	Goranboy	Gushchular	Nagiyev Azer	154

As per the outcomes of the evaluation, winners of the contest were selected by the Evaluation Commission. Eight farms were selected as winners from 7 target communities.

On December 20, 2012, an event of awarding the winners of “Clean farm” contest was organized in “Umid” SSD’s Ganja Office. Twenty people, including the leaders of the target communities, winners of the contest, BP’s CLO Elnur Sofiyev and the project personnel participated in the event. Upon completion of an official part of the contest, i.e. at the end, the gifts were presented to the participants.

“Value Chain of Milk – opportunities, development perspectives and problems” Conference

On November 29, 2012, “Value Chain of Milk – opportunities, development perspectives and problems” Conference was organized in Ganja city within the framework of “Community Based Support to Producers of Dairy Products” project implemented under financial support of USAID, BP and Co-Ventures. The conference mainly aimed at identification of problems and challenges existing in the dairy sector, investigating ways of their solution and facilitating cooperation opportunities through gathering together the participants of Value Chain of Milk.

About 40 guests, including representatives of “Seba” and “Atena” Milk Processing Factories, as well as Azerbaijan Scientific Research Animal-Husbandry Institute, Agro-Mechanics Scientific Research Institute, Azerbaijan State Agrarian University, Technology University of Azerbaijan,



GABA, project experts, MCP employees, Support Centers and members of target communities participated in the conference.

At the end of the conference, necessity of joint performance of all the participants of Value Chain of Milk was stressed for development of the dairy sector, and it was decided to work in close collaboration in future.

5. Monitoring

The donors’ representatives, Ecologist/Specialist, Technologist conducted regular monitorings throughout the project’s implementation. After submitting an environmental document on establishment and performance of MCPs to USAID, USAID’s Environmental Specialist Mariam Ubilava and Amanda Fong made monitoring visits to the target communities in order to review environmental factors envisaged in this document and ways of their mitigation. It



was recommended to include an information about agro-climate indicators and characteristics of each of target communities, average annual quantity of atmosphere rainfalls in this document. This information will be used in planning of measures of mitigation for the purpose of preventing the MCP from undergoing influence of floods or avoiding mix of waste water with flood water and flowing into



subsoil and surface water sources.

On April 18, 2011, USAID’s staff member Keith Simmons visited the MCP established in Nematabad community of Yevlakh region for monitoring purposes. The monitoring mainly focused on rate of compliance with MMP developed for construction and exploitation of MCP. Construction of a

system of cleaning waste water, being

one of the major components of the project, was reviewed more attentively, and some consultations and recommendations were provided.

On February 22-23, 2012, USAID’s representatives – Project Management Assistant Ulker Akberova and Agricultural Officer from Tbilisi Office Robin Stevens visited the target communities.



They conducted monitorings in the MCPs established in Nematabad community of Yevlakh region, Saritepe community of Shamkir region and Seyidler community of Samukh region. During the visit, MCPs’ performances were reviewed.

On September 26-27, 2012, USAID’s Project Officers – Project Management Assistant Ulker Akberova, Administrative Assistant Azad Dadashov and Head of Programs Department Sanath K.



Reddy visited MCPs active in the target communities and individual farms in order to get acquainted with the project’s implementation status. They got closely acquainted with performances of Seyidler community/Samukh region, Saritepe community/Shamkir region and Nematabad community/Yevlakh region, and information was obtained about reception of milk by MCPs, as well as analysis, refrigeration and transportation of milk, payments to the dairy producers and cooperation with MPFs.

The guests visited individual dairy farms existing in every community, shared their opinion, and held conversations on looking after the cattle, quantity of the produced and sold milk, received income, usage of forage, linkages formed within the framework of the project, as well as acquired knowledge and skills.

BP’s representatives made monitoring visits to the MCPs established in Seyidler community of Samukh region, Nematabad community of Yevlakh region and Saritepe community of Shamkir region related to close of completion of the project. During the monitoring, performances of and sanitary-hygienic condition in the MCPs, compliance with the safety rules and other issues were reviewed.

As per the monitoring outcomes, some shortcomings were revealed, and recommendations were provided. Necessity of allocating an area for keeping electric generator was especially stressed during this monitoring visit. Taking into account the recommendations, a cage for electric generators was installed, the MCPs were reviewed by a Technologist/Specialist, Engineer and Ecologist, and needs were identified. Depending on needs, “Supervision over and management of sanitary-hygienic condition in the MCPs” training and appropriate consultations were provided to the MCPs’ personnel.

A guidelines on sanitary-hygienic norms in the MCPs was developed, and discussed jointly with the MCP employees, and the employees were instructed. This guidelines was read and signed by the responsible persons of the MCPs, and placed in the Information Corner in MCPs.

Moreover, regular monitorings were conducted by the Ecologist/Specialist in order to reveal the current condition of environmental damages during establishment and exploitation of the MCPs, and mitigate environmental hazards. During the monitorings, MCPs’ area and active technological

systems were reviewed, the current condition was evaluated from the ecological and technological point of view.

Surveys were conducted with the community members in Nematabad community of Yevlakh region, Saritepe community of Shamkir region and Seyidler community of Samukh region for purposes of defining the MCPs’ environmental damages and other impacts. Based on the outcomes of the surveys, necessary steps were decided and appropriate advices were provided.

Moreover, the project progress was tracked during trips of the project personnel to the communities, and the encountered problems were settled in a timely manner.

6. Collaboration with local government, businesses, LNGO and INGOS

Throughout the project’s implementation, the governmental and private agencies, as well as the local and international NGOs, various physical and juridical persons were regularly contacted in the issues like elaboration of various documents, reception of permission documents, provision of various services and implementation of other activities.

In accordance with agreement, concluded between USAID and “Umid” SSD, the project Work Plan that was made is indeed considered to enhance “Umid” SSD’s institutional capacities. An agreement was reached with CAP reflecting capacity building in 3 directions:

- I Develop Institutional Strategic Plan
- II Develop competencies of Dairy Project stakeholders
- III Develop the Management (Cost) Accounting System

CAP’s Representative Alexander Bavarikh was in a trip in Baku for a week and did the following works:

- Facilitated 2 day seminar-training with “Umid” SSD’s staff on Strategic Planning for subsequent 3 years;
- Working Group analyzed seminar outcomes, developed work plan on elaboration of draft strategic plan;
- During meeting, held with USAID’s representative, information was delivered on CAP’s role and activities to be implemented on capacity building of “Umid” SSD;
- To learn NGO environment and assess “Umid” SSD’s place among NGOs, discussions were arranged with experts on NGO sector Vagif Hasanov and Lutful Kabir.

In order to coordinate the ACT project implemented under financial support of USAID with other projects, the Project Director Melani Schults and USAID’s staff member Sheila Yong had meetings with employees of “Samadoglu-Ataturk” company located in Goygol region, as well as with the members of Seyidler community of Samukh region, held conversations about the goal and



importance of “Community Based Support to Producers of Dairy Products” project, and cooperation opportunities of the communities and Samadoglu company within the framework of this project, got closely acquainted with performance of Seyidler community and “Samadoglu-Ataturk” company. Taking into account suggestions and recommendations which would be provided by the Environmental Specialist, “Umid” SSD stated possibility of improving durability for rivalry through supporting improvement of quality of technological equipment used during production process by “Samadoglu-Ataturk” company under collaboration with ACT project.

MPFs, governmental agencies, local and private entities, regional land committees and electric networks were closely cooperated during establishment and management of MCPs, joint efforts were made for solution of the challenges encountered.



Discussions were held around cooperation opportunities with the MPF of “Bilasuvaragro” LLC in establishment and management of MCPs in the target regions in surroundings of Ganja, with Kurdamir Milk Factory of Azersun Holding – in establishment and management of MCPs in Garabujag community and Karrar settlement of Kurdamir region, with the MPF of “Goychay Milk” OSC in conducting rehabilitation works in Yevlakh MCP; and taking into consideration suggestions and opinion of the parties the cooperative agreements were concluded for starting the performance.

Alongside with processing entities, cooperation was extended with service entities as well. Agreements were reached with Epidemiology Center of Ganja city related to analyzing milk samples for purposes of tracking improvement of microbiological composition and quality of raw milk produced in and sold by individual husbandries located in the target communities.

Memorandums of Understanding were signed with the following entities, which were cooperated within the framework of the project:

- Scientific Research Animal-Husbandry Institute,
- Azerbaijan Technology University,
- Azerbaijan Scientific Research “Agro-mechanics” Institute,
- “Gizil Yem” (Golden Forage) company.

Throughout the project’s implementation, information and articles reflecting development of the dairy sector, as well as the project’s role and achievements in this sphere were prepared or wrote, and the local press was cooperated for the purpose of publishing these articles or materials. The articles were published on “Agrarian Science” scientific-popular magazine and “Servet” monthly magazine of the LNGO of AIC.

7. Sector analysis

Dairy sector is much more market oriented than the other sectors, and development inclinations in this direction are obvious. New participants appear in the market during the past years. New milk processing entities appropriately raise demand for local raw milk which stimulates development of production sector.

Currently, major problem encountered by large milk processing entities is expenses appeared during collection of non-optimum quantity of milk from large area and its transportation to far distance, which result in raise of any product’s prime cost and decreases its rivalry against imported dairy products.

Incomplete and inadequate infrastructure, technical personnel of majority of milk collection points without vocational education, absence of equipment and tools for quality control make difficulties in collection and transportation of high-quality raw milk.

Large milk processing factories are interested in the establishment of perfect husbandries in areas located close to processing entities. But for the present, prime cost of raw milk produced in such entities is more expensive than individual husbandries due to absence of hired or professional labor force or their existence in an expensive cost. From this point of view, processing entities are still interested in collecting raw milk from individual husbandries. Entities working with the dairy producers, not under serious contractual terms, may cease reception of raw milk from the inhabitants whenever they want.

For the present, the dairy producers have limited opportunities for influencing the market costs, and they do not possess any tools or methods in this direction. That’s why milk’s price is usually regulated by milk processing entities and somehow kept under control by them.

Production is realized in informal sector with non-market orientation in a level of numerous individual husbandries. Not only quantity, but also quality changes are observed in the development of the dairy sector. Individual husbandries prefer decreasing number of the cattle and keeping more productive animals. An infrastructure is usually organized in more perfect form in newly established farms.

Market of services, especially market of private services is under development. New forage production enterprises began their work. Skills of using forage are very limited. Sometimes, quality of forage is indefinite and limits its usage much more.

There is no personal investment into the dairy sector since milk production and sale are not attractive from the commercial point of view. From the other side, interest rates of financial resources proposed by the local commercial banks to the market are comparatively high.

Development of a market of private services. When market of milk sale extends, demands appear for new private services – veterinary, advice service, artificial insemination, finances and other services. In order to increase volume of production, inclinations of usage of strong and mixed forage

are being extended alongside with increasing number of species of the animals. After presentation of mini-devices for production of forage in a husbandry-level, orders were made for purchasing such devices. Private consultants were appealed for projection of construction of some firms. A producer making an income from sale of his/her product in the market, acquired a chance to make payment for private service.

Provision of processing entities with raw milk. One of the major challenges of the processing entities was collection of optimum and continuous milk from the communities. Milk Collection Points played a decisive role in mitigation of these challenges. Main reason of breaks in collection of milk was delays in electric energy and natural gas provision in the areas where the milk processing entities located. One of the entities reported 40% increase in provision of its demand for raw milk during the latest year. Whereas this entity’s need for raw milk was provided only 50% at the beginning of the project.

Improvement of quality of raw milk. At the beginning of the project, the processing entities were interested in increasing quantity indicators of the collected milk. Because demand for processed dairy products were high in the market. As strength of rivalry increased, shift from quantity indicators to quality indicators was observed. From this point of view, the processing entities made additional payments for quality indicators of raw milk for the purpose of raising quality of the collected raw milk. Moreover, a perfect system on supervision over quality of milk was formed in milk collection points, their employees were trained and provided with perfect quality control and measuring devices.

Development of related fields. Opportunities of selling products directly from a farm stimulated directly and indirectly the development of other related fields in a direction of increasing volume of production. New forage production entities appeared in the target areas. Wholesale points of forage were formed in close areas to the communities. Sowing areas of lucerne and other fodder crops were extended.

Formation of market infrastructure in communities. Milk collection points are the first market-oriented infrastructure in the communities due to their character of stimulating market-oriented activities. Their performance as parts of market chain can lead to generation and development of such institutions on other sectors (plant-growing). Unfortunately, the communities do not possess local human resources with high-professionalism for management of this infrastructure.

Formation of market chain and vertical integration. As a result of identification of participants of market chain active in the sector, organization of mutual dialogue, and formation of mutual cooperation and partnership relations among them, mutual integration of market chain, as well as of the above parties appeared. Market-oriented official and unofficial relations were formed among the participants of the market chain.

Market prices. There was no increase in retail sale costs of the dairy products during the last year. There observed only seasonal character temporary growths of prices on the eve of holidays. One litre of milk of cow in a farmer’s house currently ranges between 0,30 – 0,38 AZN by areas. But this price comprises 0,50 – 0,60 AZN in informal sale places or during inter-districts sales. In a formal market, retail sale cost of a packed milk is 1,20 – 1,40 AZN per litre.

8. Heating systems

“Umid” SSD involved “Solaris” in installation of solar panel heating systems in the schools and kindergartens constructed by BP and Co-Ventures in the communities of Kurdamir, Samukh and Goranboy regions located along BTC Pipeline in accordance with the Amendment #3 to Grant Agreement # G-10-BPCS-224264 signed between BP Exploration (Caspian Sea) Ltd. and “Umid” SSD PU for “Provision of Community Based Support to Producers of Dairy Products” project.

“Umid” SSD provided necessary support to “Solaris” while receiving necessary permission documents from the governmental agencies for construction and installation works within the framework of “Installation of heating system and solar panels in schools” project, as well as during close involvement of the community members in the project’s implementation, and forming linkages with other entities.

Negotiations were held and agreements were reached for cooperation and joint performance with the relevant entities



and agencies (Executive Committees, Education Departments, local Municipalities, principals of schools and kindergartens) for the purpose of installation of



heating systems and solar panels in the schools in Sigirli community of Kurdamir region and Bashirli and Gurbanzade communities of Goranboy region, as well as for installation of heating systems and solar panels in the kindergarten in Chobanabdalli community of Samukh region.

5-sided agreement (“Umid” SSD, “Solaris” implementing agency, regional Education Department, local Municipality and school or kindergarten) was designed for realization of construction and installation works, and signed with the participation of the representatives of BP and all Parties in

Kurdamir and Goranboy regional Education Departments, as well as in Samukh ExCom with participation of Mr.Ali Gojayev, Head of Samukh ExCom.

Upon execution of the agreements, “Solaris” started construction and establishment works, and completed the undertakings as envisaged in the project.

An event was organized for purposes of taking measures in a direction of promoting safety during exploitation and management of heating systems installed in the kindergarten located in Chobanabdalli community of Samukh region. Number of participants of this event was 30 people, including the kindergarten’s personnel and children’s parents, as well as the representatives of the Ministry of Extraordinary Cases, SOCAR, BP and “Umid” SSD. During the event, instructions were given by the specialists on safe usage of heating systems and controlling the system. After review of the system, some commissions were given and recommendations were provided.

At the end of the event, a director of the kindergarten and the community members expressed their deep gratitude.

But some challenges were encountered during reception of permission documents for connecting heating systems installed in the schools of Gurbanzade and Bashirli communities of Goranboy region to the general gas line. Currently, negotiations are going on with the regional ExCom, Education Department and other related agencies for solution of this problem.

9. Challenges faced and addressed

- Some challenges were encountered related to allocation of areas for establishment of MCPs, and their documentation since the project bore community-based character. But the project personnel achieved positive solution of the problems through cooperating with regional ExComs.
- Intentional procrastination was observed by regional Electricity Departments during reception of permission documents for joining MCPs to electricity networks. But despite all of these challenges, the project personnel did all their best to solve the problems through having meetings with relevant authoritative persons based on the Law of the Azerbaijan Republic.