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# RURAL ENTERPRISE COMPETITIVENESS PROGRAM (RECP)

**YEAR FOUR ANNUAL REPORT**  
OCTOBER 1, 2006 – SEPTEMBER 30, 2007

**December 4, 2007**

This report was produced for review by the United States Agency for International Development. It was prepared by the USAID RECP Program implemented by The Pragma Corporation.

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CONTRACT NUMBER: I12-C-00-03-00017

CTO/USAID/AZERBAIJAN: Anar Khalilov  
PROJECT MANAGER: Mohammad Fatoorechie  
CHIEF OF PARTY: William Levine

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## EXECUTIVE SUMMARY

The Rural Enterprise Competitiveness Program's (RECP) goal is to help "Azerbaijan's agricultural sector to reclaim its earlier leadership role in domestic and regional markets..." Specifically, the project's aim is to add value to Azerbaijan's agricultural products by assisting its small and medium agro-processors. To accomplish this, RECP's key objectives are to:

- Increase overall domestic and export sales;
- Assist in promoting specific trade deals;
- Attract direct investment;
- Create jobs; and
- Help mitigate the threat posed by Highly Pathogenic Avian Influenza (HPAI).

Year 4 Work Plan proposed a number of activities to meet these objectives, including:

- Increasing overall domestic and export sales by \$12 million;
- Increasing the number of new trade deals by \$4 million;
- Increasing direct investment by \$2 million;
- Increasing the number of new jobs by 800, 40 percent of which would go to women;
- Preparing the RECP staff to launch a sustainable private company capable of providing SME agribusiness services on its own;
- Continuing RECP's grants program objective of supporting rather than driving program activities in the areas of quality management and market research;
- Maintaining RECP's database, its website, and publications efforts;
- Continuing its seminar programs for its clients and those of other projects in the areas of sales, marketing, and quality management;
- Providing these services to at least 80 clients; and
- Assisting the Ministry of Agriculture's Central Veterinary Services unit in its mitigation of HPAI efforts.

Virtually all these initiatives were achieved and many were exceeded. In the area of overall sales, for example, we aimed for an increase of \$12 million dollars, and actually exceeded \$21.5 million. We proposed increasing trade deals by \$4 million dollars, and facilitated over \$10 million; sought to facilitate some \$2 million in direct investment, and achieved over \$14 million. Finally, we hoped to help create some 500 new jobs during Year 4, and even with a smaller client base, created over 760.

This report will detail these achievements, discuss other activities that were undertaken, and outline challenges faced during Year 4.

# I. INTRODUCTION AND BACKGROUND

The goal of the Rural Enterprise Competitiveness Program (RECP) is to raise rural incomes and agribusiness productivity in Azerbaijan. The program has sought to increase both the volume and quality of processed agricultural products thereby increasing the volume of value added products sold in domestic and export markets and, concomitantly, increase income benefits of processors and their employees. By introducing the competitiveness paradigm, the project has sought to reach export markets and to displace heavy reliance upon imports.

RECP created a local entity, the Azerbaijan Agribusiness Center (AAC) through which to implement project activities. Staffed by local professionals who are assisted by long- and short-term expatriate experts, the AAC has been providing the following services:

- **Production:** Extending market windows through innovation; introduction of new products; improving links to processors; formalization of market linkages; high value horticulture; machinery service supply; and modernization of production techniques and inputs;
- **Marketing:** Market research (domestic and export); market surveys, plans and strategy; market identification and introduction; competitive product identification; participation in trade fairs and marketing events; and introduction of stable contracts for sustainability;
- **Processing:** Linkages to supply, improvement of raw materials; improvement of process efficiency and equipment; food safety and quality control; HACCP and ISO certification; packaging; packaging competitiveness compared to imports and targeted value addition (e.g., cut chicken, fruit yogurt, baby food, processed nuts);
- **Logistics:** Collection and distribution facilitation; 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 alliances or partnerships for development; facilitation of leasing; trade and contract finance mechanisms; asset registration; machinery and facility-targeted credit and investment; and
- **Business Development Services:** Strategic planning; automation of accounting systems; inventory control; personnel development; human relations; staff training; and cost accounting.

Since its inception, RECP has sought to provide demand driven services, focusing not only on the production aspect, but on the needs of the marketplace. In other words, all products and services have been designed based upon what the customer wants as opposed to what the Azerbaijani agribusiness sector can produce.

The project's three key goals remain to create jobs, attract domestic and foreign investment, and increase domestic and export sales. The official Performance Monitoring Plan (PMP) parameters to measure project performance are based on these three goals: 1) increases in the number and value of trade deals and sales increases, 2) value of direct and indirect investment in agribusiness firms, and 3) number of jobs created.

Finally, in the course of Year 3, USAID embarked upon a number of activities aimed at supporting the Government of Azerbaijan in its efforts to mitigate the impact of Avian Influenza (AI). The

AAC was already involved in AI awareness efforts with its poultry clients, and when approached by USAID and asked if it would undertake a broader role, focusing on the “animal side” of this disease, the implementation team agreed to do so.

## 2. YEAR 4 HIGHLIGHTS

As Year 4 drew to a close, RECP's 10 Account Managers and permanent expatriate staff, augmented by 10.75 person-months of short-term expatriate technical assistance, provided a wide range of services to 82 clients. These are spelled out in Section 3 below.

RECP assistance to clients during Year 4 helped result in overall sales of \$101,666,934, an increase of \$21,718,614 over Year 3. Individual trade deals facilitated by RECP Account Managers amounted to \$21,678,182 (an increase of \$10,093,516 over Year 3). The team is especially proud of its efforts in the area of investment, which increased by \$14,306,556 over Year 3 to a cumulative amount of \$21,962,328. Efforts to increase rural employment were also highly successful. A total of 762 new jobs were created, 46 percent of which were held by rural women. Table below provides graphic evidence of RECP's Year 4 accomplishment and cumulative impact.

### RECP CUMULATIVE ACCOMPLISHMENTS AS OF 9/30/07

Activity	Start <sup>1</sup>	Year 4	Cumulative	% Increase over Start
Sales	\$39,664,966	\$21,718,614	\$101,666,934	156%
Trade Deals	\$400,000	\$10,093,516	\$21,678,182	5,319%
Investment	\$90,000	\$14,306,556	\$21,962,328	24,303%
Employment	412	762	2,805	581%
Number of Clients	24	65 <sup>2</sup>	127	429%

Below are some highlights of accomplishments that clients achieved as the result of assistance provided by RECP Account Managers and expatriate specialists:

- 127 RECP clients and representatives from ABAD project received ISO/HACCP training through the project, with five firms receiving ISO certification, three receiving HACCP certification, and another seven being in the final stages of receiving ISO certification.
- An RECP Account Manager in Lenkaran found a Ukrainian company in need of aseptic tomato paste and connected it with his paste processing client, resulting in a sale of 100 tons of product. The Ukrainian company was so pleased with its purchase that it purchased another 200 tons of paste, resulting in a deal worth \$216,000.
- After finding better milling equipment to help her client increase both the quality and capacity of its flour production, Account Manager Shalala Kamilova in Ganja located a buyer in Georgia interested in hard wheat necessary for pasta production. A 200 ton deal worth \$56,000 was the first of what promises to be a long-term relationship.
- RECP Account Manager Fuad Agazadeh in southern Azerbaijan was approached by a new fruit and vegetable processor for assistance. After a SWOT analysis and a strategic action plan, the company launched a series of marketing activities including ads on local

<sup>1</sup> Sales Start refers to the start of RECP's relationship with a client, regardless of which year the relationship began. All other "Start" figures begin at the end of the project Year 1.

<sup>2</sup> Year 4 began with 82 clients. Given the decrease in resources, the client base shrank to 65.

television, development of a website, and market research. With an expatriate packaging and assistance from a labeling specialist, new labels were designed. The Account Manager successfully sought both domestic and regional buyers, resulting in \$237,000 in additional sales.

- A juice processing firm in Baku's suburbs approached RECP for assistance in promoting sales of its pomegranate juice and oil. RECP Account Manager Lala Akhmedova learned that a few foreign buyers had inquired about the possibility of the firm getting kosher certification. After some market research, she facilitated the company's obtaining such certification. Two buyers from the United States immediately placed orders for \$1,500,000.
- Orders at a northern Azerbaijan poultry processing company had fallen off and company leadership sought RECP assistance. Account Manager Eldeniz Osmanov met with company managers and recommended a number of improvements leading to ISO 22000 certification. The company agreed to this and invested some \$53,000 in upgrades (in addition to creating a new six member ISO 22000 team). In addition to achieving certification, the company's product simply looks better, and this has led to new orders worth \$640,000.
- RECP clients had complained that the administration of taxes seemed arbitrary and official explanations regarding tax liability were lacking. RECP responded to this problem by holding a series of regional seminars for its clients and participants from other USAID-funded projects. A total of 76 people attended these seminars at which the tax codes for agribusinesses were thoroughly explained. A manual with the updated codes was provided to each attendee so that they could quickly identify what taxes they were actually obligated to pay. Five clients subsequently reported that they were able to lower their tax bills by confronting collectors with the actual laws. Labor law and policies were also covered at these regional seminars.
- RECP's role in USAID's Avian Influenza mitigation efforts continued apace during Year 4. Twelve trainings in bio-security and four in culling and disposal were provided to 223 veterinarians and laboratory staff at the Central Veterinary Services in Baku and 12 zonal laboratories. Work at the zonal laboratories revealed that their support libraries were badly outdated. Further, field veterinarians had no diagnostic texts to help them to diagnose a variety of avian diseases. RECP responded to this situation by developing a field guide to avian diseases. This document is a laminated four color compendium that provides photographs, descriptions, and prophylactic options for all avian diseases likely to occur in the Caucasus. After an initial run of 300 manuals, the Ministry of Agriculture requested and received an additional 600. The manual was shared with the Georgian Veterinary Services at a regional conference. RECP was asked to send an English language version of the text to Georgia so that they could translate into Georgian for use there.

### 3. YEAR 4 ACHIEVEMENTS

RECP's Year 4 Work Plan, in keeping with the project's statement of work, laid out an extensive array of activities that it would attempt to implement in furtherance of its overall objectives. In order to address our success at achieving these, we have organized the Year 4 Annual Report within a table that includes specific objectives and intermediate results, identifies performance indicators, Year 4 targets and overall achievements.

<b>OBJECTIVES</b>	<b>INTERMEDIATE RESULT</b>	<b>PERFORMANCE INDICATORS</b>	<b>YEAR 4 TARGETS</b>	<b>ACHIEVEMENTS</b>
<b>I. Increase agribusinesses' domestic and international sales and trade deals</b>	<b>Broaden opportunities for domestic and international sales</b>			
	<b>a) Strengthening Businesses and Associations</b>	Sales will increase by 10% per year	It is expected that sales will continue to increase by at least \$12 million.	Sales increased by \$21,718,614.
		Trade deals initiated by RECP will increase by 10% per year	\$4 million in trade deals which would be an increase of 50%.	Trade deals increased by \$10,093,516.
		A minimum of 15 processor agribusinesses will be strengthened a/o achieve sustainability	The core group of clients as of 10/01/06 was 82. On 9/30/07, 27 clients had been dropped, leaving a remainder of 55 clients.	The number of clients has remained constant throughout the final quarter of Year 4.
		Market share of selected food products in domestic market will be increasing at a rate of 5 percent per annum	Of the \$4 million in trade deals expected for Year 4, at least \$500,000 will be domestic sales.	Overall trade deals amounted to \$10,093,516 (\$4,538,826 in domestic sales).
	<b>b) Vegetable and Fruit Processing and Marketing Improvement</b>	A minimum of 25 processors assisted over the LOP to improve the quality, quantity a/o packaging of processed output	This is expected to remain constant as AMs will not be taking on new clients in the final year of the project.	RECP serviced 35 clients processing fruits and vegetables.
		A minimum of 10 important meeting events organized to bring together processors, associations, & ag producers to promote networking, new product opportunities and customer service-orientation	The AAC will organize four seminars for business leaders from the same sector aimed at encouraging clients to consider the benefits of joining forces to promote a better policy environment for their industries.	Thirteen regional seminars were held during Year 4.

<b>OBJECTIVES</b>	<b>INTERMEDIATE RESULT</b>	<b>PERFORMANCE INDICATORS</b>	<b>YEAR 4 TARGETS</b>	<b>ACHIEVEMENTS</b>
		Plans for special ag. Processing events prepared and events held in a minimum of 20 locations over the LOP	Regional ISO audit preparation meetings will be held in three locations. Three processing seminars will also be held for groups of clients.	A total of 27 events were held that focused on agricultural processing, marketing, business development services, taxation and financial services.
		A minimum of 20 marketing studies on fruits & vegetables or their value-added products that are identified as having the potential for domestic & intl. competitiveness completed over the LOP	Account Managers will continue to provide at least ten marketing studies for their clients and four larger studies will be completed on transportation, the legal and regulatory environment in Azerbaijan, tomato paste, and the Russian market.	13 fruit and vegetable marketing studies were performed during Year 4. A total of 39 marketing studies for fruit and vegetable processors were undertaken over the LOP.
		A minimum of 40 technical bulletins prepared and widely distributed over the LOP	A minimum of five new technical bulletins will be prepared and distributed during Year 4.	Forty-seven technical bulletins were prepared and distributed. Year 4 witnessed 13 bulletins covering: Business planning, innovation, marketing, accounting, obtaining credit, pomegranate industry, IT sales, sanitation, tomatoes, pasta, meat chain, TQM, and Packaging.
		A program of HACCP & ISO certification developed & tested in Azerbaijan	Grants will be used for four clients to achieve ISO or HACCP certification and six clients will become ISO certified in April, 2007 as a result of AAC consulting services.	Four grants have been distributed for ISO or HACCP certification and training is currently in progress. All six clients which have participated in the AAC ISO program received their ISOI certificates.
		At least 10 processors assisted to receive financing from available sources in Azerbaijan	At least three additional clients will be assisted to receive financing.	Four clients including a carpet maker, a cheese processor, a baker, and fruit and vegetable processors have received AAC assistance in finding leasing companies or other financial institutions for almost \$500,000 in credit. Three more companies have already worked with AAC on the documentation for \$3 million worth of loans and are waiting on approval.
		The market share of assisted processed products at organized markets will increase by 10% per annum	It is expected that sales will continue to increase by at least 50%, for a total of more than \$100 million.	Sales figures at the end of Year 4 amounted to \$101,666,934 cumulatively.

OBJECTIVES	INTERMEDIATE RESULT	PERFORMANCE INDICATORS	YEAR 4 TARGETS	ACHIEVEMENTS
	<b>c) Animal and Animal Products Processing &amp; Marketing Improvement</b>	A minimum of 10 animal product processors will have substantially increased their incomes, provided employment & increased sales of high quality products over the LOP	Account Managers will continue to work with the 21 remaining animal product processing clients. It is anticipated that animal product processors will make up at least 10% of the overall sales, trade, investment, and employment improvements.	Account Managers have continued to work with those 21 animal product processing clients but their percentage of the total sales and employment numbers comprised 13% of overall sales, trade, investments and increased employment.
		At least 8 processors implementing best international practices in both processing & management by the end of the project	The three clients receiving HACCP training will be certified. Account Managers will continue to work with at least four clients on SSOP.	Of the three companies that were trained in HACCP, one has received certification, one has passed its final audit and is awaiting certification, and one will become certified in the near future after the completion of a \$500,000 renovation of its facility in line with international safety and sanitation standards.
		A system of grades & standards for meats, poultry, milk and wool established & implemented	Account Managers will continue to introduce and/or expand adoption of ISO/HACCP standards among clients in this sector.	In addition to the six clients which have worked with AAC funding and assistance on ISO or HACCP training programs and the six clients which have been trained in ISO and HACCP by AAC staff, another five clients are making changes to their facility in line with AAC recommendations and training on safety and sanitation.
		A minimum of 5 new products developed & marketed	Account Managers will continue to assist with the marketing of these products.	Marketing plans and new product development are key components of almost every SAP. As such, AMs work continually with their clients on these issues. Additionally, AAC Specialist Rolf Campbell is an expert in new product development and marketing and has already given extensive recommendations to six clients. He returned in May for follow-up with those companies and additional assistance to others.
		Increased volumes of raw & processed animal products including meat, milk, eggs, poultry and wool are entering market channels & being sold	Account Managers will continue to work with the 21 remaining animal product processing clients. It is anticipated that animal product processors will make up at least 10% of the overall sales, trade, investment, and employment improvements.	Account Managers have continued to work with those 21 animal product processing clients but their percentage of the total sales and employment numbers will not be known until the end of FY 07. They did comprise 10% of reported trade deals.

<b>OBJECTIVES</b>	<b>INTERMEDIATE RESULT</b>	<b>PERFORMANCE INDICATORS</b>	<b>YEAR 4 TARGETS</b>	<b>ACHIEVEMENTS</b>
		A minimum of 5 processors will have participated in study tours	No further study tours for animal product processors are anticipated this year.	N/A
		A minimum of 5 processors will have obtained loans with the assistance of project staff	One sausage maker and one cheese processor will receive assistance on obtaining loans shortly.	The sausage processor received a \$200,000 loan for new equipment and renovations to its facility and the cheese processor is negotiating with a leasing company on the specifics of a new vacuum packaging machine.
<b>II. Increase Domestic &amp; Direct Foreign Investment</b>		Investment in client firms will increase by 100%	An additional \$2 million in investment will be stimulated by the AAC.	Investments in Year 4 totaled \$14,306,556.
		At least 10 processors assisted to receive financing from available sources in Azerbaijan	An additional 5 will be helped.	Four clients including a carpet maker, a cheese processor, a baker, and fruit and vegetable processors have received AAC assistance in finding leasing companies or other financial institutions for almost \$500,000 in credit. Three more companies have already worked with AAC on the documentation for \$3million worth of loans and are waiting on approval.
		A minimum of 5 processors will have obtained loans with the assistance of project staff	An additional 5 will be helped.	14 clients have been helped in acquiring financial resources; four through leasing companies resulting from RECP seminars, and the rest (a dairy, two furniture firms, a hazelnut processor, two meat processors, one juice processor and three fruit and vegetable processors) have received credit from banks and non-bank credit institutions.
		Provide matching grants or other incentives to processors being assisted to facilitate organizational a/o marketing activities	5 more grants will be disbursed in Year 4.	14 grants have already been disbursed in Year 4. These have all been in conjunction with the quality management program for projects like certification or sanitation improvements at the facility.
	Provide clients with relevant technical assistance to enable them to make sound investment decisions		Up to 10.75 pm of short-term technical assistance will be provided, in addition to assistance provided by Account Managers.	10.75 pm of short-term technical assistance has been provided.
			Coordinate with Farmer to Farmer project to secure an additional pm of expatriate ST-TA.	Discussions with FTF did not result in a "fit".

OBJECTIVES	INTERMEDIATE RESULT	PERFORMANCE INDICATORS	YEAR 4 TARGETS	ACHIEVEMENTS
			Coordinate with 2 foreign buyers to combine investment with relevant training.	Two foreign buyers have been recruited by the AAC and have purchased more than \$2 million worth of Azerbaijani products. AMs have trained clients on each stage of the process.
	Use grants program to leverage domestic investment. Emphasis will be upon HAACP/ISO certification		Five grants approved to leverage investments at no less than 1:1 client to RECP grant amount ratio.	14 grants were disbursed during FY 07. Buy-in was at least 1:1.
	Provide international investors with information on FDI and investment opportunities in the agribusiness sector in Azerbaijan	Develop and publish a Financing Manual	The current edition of the manual will be reviewed for final publication.	Revised manual completed.
		Develop and publish an Investment Manual	The current edition is available for distribution.	NA
		Update and enhance Project Website	The website will continue to be updated every three months.	Website updated every three months.
		Annually update and publish introductory brochure	The brochure will be updated one final time.	The brochure was updated in January.
		Publish Newsletter on a quarterly basis	Prepare 4 Quarterly Newsletters.	13 <sup>th</sup> (final) edition of newsletter was published in August.
		Prepare a series of brochures on topical issues	Prepare a series of 4 topical brochures.	Brochures on website development, tomato paste processing, packaging, innovation, and TQM were published.
<b>III. Increase the number of jobs in client firms</b>		A total of 1,000 jobs in all sectors will be created by the end of the project.	500 additional new jobs will be created as the result of RECP interventions.	762 new jobs were created during Year 4.
	Promote gender awareness	At least one-third of new jobs will be filled by women	At least one-third of the new jobs created will be held by women.	46% (351) of jobs created during Year 4 were held by women, including managerial, accounting, QM, and production positions.
<b>IV. Cross-Cutting Issues</b>				
	Establish an Agribusiness Product Competitiveness Council	Form and promote the growth of an agribusiness organization	In Year 1, the Azerbaijan Agribusiness Marketing Council (AAMC) was founded. After three years of efforts to expand the AAMC and make it self sustaining, its board voted to disband it when it became clear that RECP funding through grants, was coming to an end.	A formal Stop Work Order on this component was received in March 2007.

<b>OBJECTIVES</b>	<b>INTERMEDIATE RESULT</b>	<b>PERFORMANCE INDICATORS</b>	<b>YEAR 4 TARGETS</b>	<b>ACHIEVEMENTS</b>
			The AAMC board never registered, nor was it able to expand its membership beyond 15. RECP notified USAID/AZ And asked for guidance regarding how to proceed, and were advised to discontinue this activity.	
	Strengthen the associational capacity of agribusiness men and women		Organize four seminars for business leaders from the same sector to encourage clients to consider the benefits of joining forces to promote a better policy environment.	A series of regional seminars were provided on tax law, employment law, amortization, insurance, TQM, contract negotiation, marketing, associational development, and mediation and arbitration.
	Strengthen the relationship between Account Managers and clients	Clients are polled; meetings held with all clients both individually and by region	Monthly results of the AM/Client relationship entered on data base; regional meetings held between RECP leadership and clients to assess the impact of AM services; bimonthly workshops at AM meetings to train AMs in effective service delivery.	The database was consistently maintained. The Director of Client Services traveled routinely to assess the impact of AAC services. AMs continued to be trained on a bimonthly basis at AM meetings.
	Provide support to GOAZ Veterinary Services, RECP poultry clients, and backyard poultry producers in their efforts to mitigate Avian Influenza	Provide a series of training efforts in identification, surveillance, use of PPE, rapid testing, culling, and disposal to veterinary services, poultry producers, and the general public	Expand training to cover biosecurity; provide advanced analytical training to the Central Veterinary laboratory, Extend training to include four new Zonal Laboratories; Develop a Hotline in cooperation with USAID Partner PHC, Develop Hotspot Map in the event of outbreak; Develop Poultry Disease and Treatment handbook for field Veterinarians; In the event of another outbreak, hold town meetings in affected areas; Include all commercial broiler and breeder operations in expanded training efforts; Continue public outreach through TV, radio and print communication channels.	A Bio-Security training course was developed and has been given to veterinarians in all of the 12 zones. A three week advanced analytical training with emphasis on PCR use was given to staff at the Central Veterinary Laboratory A hotline protocol was developed with USAID Partner PHC. A third training activity focusing on disposal was developed and provided to four of the zonal laboratories. An Avian Disease guide was completed and 900 copies published and distributed. Two public lectures were given.

The following grants were distributed in Year 4:

#	Recipient	Location	Project	Desig.	Total Project Cost	RECP Funding	Client's Share		Start Date	End Date
1	Davachi Broiler	Davachi	HACCP Training	DA-01	\$30,228	\$10,000	\$20,228	67%	17 Oct 06	17 Jun 07
2	Sharg	Kurdamir	Facility Improvements to comply with ISO	KU-01	\$75,581	\$10,000	\$65,581	87%	10 Oct 06	10 May 07
3	Nu Pogodi	Sheki	Facility Improvements to comply with TQM	SE-01	\$9,736	\$4,868	\$4,868	50%	18 Jan 07	18 May 07
4	AzStandartservis	Baku	ISO Training	BA-30	\$18,500	\$9,250	\$9,250	50%	18 Jan 07	Mar 07
5	GALIB group	Goranboy	Facility Improvements to comply with ISO	GO-01	\$71,347	\$10,000	\$61,347	86%	1 Mar 07	1 Jun 07
6	Elba LLC	Ganja	Facility Improvements	GA-26	\$75,000	\$25,000	\$50,000	66%	1 Oct 07	30 Aug 07
7	ANCO LLC	Baku	Kosher Certification	BA-27	\$6,000	\$2,100	\$3,900	54%	30 Mar 06	30 Nov 07
8	ERA Marketing Ctr.	Baku	Meat Sector Research	BA-28	\$14,786	\$14,786	NA	NA	1 Oct 06	30 Dec 06
9	Ganja Reg. Consulting Ctr.	Ganja	Flour Sector Research	BA-29	\$3,945	\$3,945	NA	NA	1 Oct 06	30 Dec 06
10	Inter Pak	Ganja	Equipment	GA-03	\$240,000	\$40,000	\$200,000	80%	31 Mar 06	30 Jun 07
11	GALIB group	Goranboy	Infrastructure	GO-01	\$20,000	\$10,000	\$10,000	50%	1 Mar 07	1 Jun 07
12	Fahrli LLC	Xanlar	Sanitation	KH-03	\$20,000	\$10,000	\$10,000	50%	2 Apr 07	31 Jul 07
13	Ali Said LLC	Baku, Zagatala	ISO Cert.	BA-32	\$25,600	\$9,600	\$16,000	63%	2 Apr 07	31 Jul 07
14	Orelay LLC	Agdash	ISO/HAACP	AG-01	\$20,000	\$10,000	\$10,000	50%	16 April 07	30 Jun 07
15	Baykal LLC	Goranboy	Sanitation	GO-02	\$20,000	\$10,000	\$10,000	50%	16 Apr 07	30 Jun 07
	<b>Totals</b>				<b>\$650,723</b>	<b>\$179,549</b>	<b>\$471,174</b>	<b>72%</b>		

## **4. ADMINISTRATIVE AND STAFF DEVELOPMENT**

In order to accommodate both declining resources and the intent of the project, RECP accelerated the process of indigenization in Year 4. The expatriate Director of Client Services was replaced by an Azerbaijani national, as was the Grants Manager.

Downsizing of office space continued apace resulting in the administrative team moving into space that was two-thirds smaller than that of Year 3.

The most noteworthy action concerned the decision on the part of the RECP Account Managers to establish an independent consultancy of their own. This had been a goal of the Pragma Corporation that was not articulated in the project SOW, but which was seen by the contractor to be a critical element of sustainability. In brief, it was felt that strengthening the capacity of Azerbaijani agricultural consultants to provide ongoing services was as critical as enabling rural entrepreneurs to sustain growth. An informal plan to accomplish this in five years was developed by the contractor. With the earlier than anticipated termination of RECP, this activity was accelerated. As Year 4 drew to a close, AAC LLC was officially registered as a limited liability company in Azerbaijan. Seven Account Managers pooled their resources and formed a partnership.

**U.S. Agency for International Development**  
The Landmark Building  
96 Nizami Str. AZ 1007 Baku, Azerbaijan  
Tel: (+994 12) 498 18 35  
Fax: (+994 12) 493 68 39