



**USAID**  
FROM THE AMERICAN PEOPLE

**AZERBAIJAN**

# AZERBAIJAN COMPETITIVENESS AND TRADE (ACT) PROJECT

*ACT Progress Report for FY2011 Quarter 4, July 1 –  
September 30, 2011 and Year 1:  
October 2010 - September 2011*



*Picture Caption: ACT fish ichthyologist is comparing results of feed trials by weighing fish from two sample ponds.*

**Prepared for the United States Agency for International Development, USAID Contract Number AID-EEM-I-00-07-00003-00, Task Order # AID-112-TO-10-00002**

Sibley International Principal Contact: David Snelbecker  
CEO  
Sibley International LLC  
1250 Connecticut Ave., NW, Suite 200  
Washington, DC 20036  
Tel: 1.202.833.9588  
Email: dsnelbecker@sibleyinternational.com

In Azerbaijan: Melani Schultz  
Chief of Party  
ACT Project  
133 Bashir Safaroghlu St.  
SAT Plaza, 15<sup>th</sup> floor,  
Baku, Azerbaijan, AZ1009  
Tel: +994 12 596 2435  
melani.schultz@actProject.net

# Azerbaijan Competitiveness and Trade (ACT) Project

ACT FY2011 Q4 and Year 1 Progress Report:  
October 1, 2010 - September 30, 2011

## **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the United States Government.

## ACRONYMS

ACC	Agreement Conformity Chart
ACT	Azerbaijan Competitiveness and Trade Project
AEO	Authorized Economic Operators
AIM	Agro-Information Center
AKTIVTA	Azerbaijan Association of Agricultural Input Dealers
AmCham	American Chamber of Commerce
AZN	Azerbaijan New Manat
ASEU	Azerbaijan State Economic University
BDS	Business Development Service Providers
CBA	Central Bank of Azerbaijan
CESD	Center for Economic and Social Development
CIS	Commonwealth of Independent States
CSO	Civil Society Organization
DRC	Domestic Resource Cost
ERC	Economic Research Center
EU	European Union
FMS	Financial Monitoring Service
FSSP	Financial Stability Support Program
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMC	Guba Marketing Center
GOAJ	Government of Azerbaijan
HACCP	Hazard Analysis and Critical Control Points
IER	Institute of Economic Research
IP	Intellectual Property
JAC	Janub Agribusiness Center
LLC	Limited Liability Company
MFA	Ministry of Foreign Affairs
MOED	Ministry of Economic Development
MOF	Ministry of Finance
MOJ	Ministry of Justice
MOT	Ministry of Tax
NBFI	Non-bank Financial Institutions
NGO	Non-Government Organization
ODC	Other Duties and Charges
PIT	Payroll Income Tax
RFP	Request for Proposals
SCPI	State Committee for Property Issues
SCM	Standard Cost Model
SME	Small and Medium Enterprises
SOW	Statement of Work
SPS	Sanitary Phytosanitary
STTA	Short-Term Technical Assistance
TBT	Technical Barriers to Trade
TOR	Terms of Reference
TRIST	Trade Reform Impact Simulation Tool

USAID	US Agency for International Development
USDA	US Department of Agriculture
VAT	Value Added Tax
WP	Working Party
WTO	World Trade Organization

## TABLE OF CONTENTS

Project Overview .....	9
Project Activities and Accomplishments in Q4 and Year 1 – Executive Summary.....	11
Component 1: Domestic Business Environment Improved.....	11
Accomplishments Highlights in Year 1 in Component 1 .....	11
Public-private dialogue .....	11
Commercial and other Legislation/Appraisal of Public Investment Proposals .....	13
Competition Code .....	13
Tax Code and Administration Reform.....	14
Other Laws.....	15
Investment Law Analysis.....	15
Legislative Package on E-Commerce .....	16
Institutional Aspects of Property Law Reform .....	16
Law on Secured Transactions .....	17
Development of More Rigorous Project Appraisal Practices at Government Agencies .....	17
Amelioration or Removal of Administrative Restraints/Barriers .....	18
Institutionalize Knowledge.....	18
Central Bank support .....	19
Development of an Activity Based Management System at the CBA .....	19
Development of a Risk Assessment System at the CBA .....	19
Cash Management.....	20
Improve Anti-Money Laundering.....	20
Commercial Bank Support.....	21
Issues\Constraints .....	22
Planned Activities for the First Quarter of Year 2.....	23
Build and Sustain the Case for Economic Reform in Azerbaijan.....	23
Facilitate Changes to Business Related Laws Regulations and Administrative Procedures so as to Improve the Business Climate.....	23
Tax Reform .....	23
Property Law Reform .....	23
Competition Law Reform .....	24
Administrative Barriers Reduction .....	24
Public Investment Rationalization .....	24
Enhance the Capacity of the Central Bank to Maintain Stability within the Private Sector	24

Anti-Money Laundering and Counter Finance of Terrorism.....	25
Component 2: Liberalized, More Transparent Trade Environment Developed .....	26
Accomplishments Highlights in Year 1 in Component 2 .....	26
WTO and trade environment .....	27
WTO Accession Process.....	27
Legislative Support for Improvements in the Trade Environment.....	36
Institutional Capacity Building.....	38
Public Private Dialogue on Trade.....	41
Cost of trade.....	44
Issues\Constraints .....	45
Planned Activities for the First Quarter of Year 2.....	45
Support to GOAJ in Improving the Trade Environment .....	45
Legal Reform .....	45
Institutional Reform.....	45
Sanitary and Phytosanitary Standards Harmonization.....	45
Support to GOAJ on Procedures and Mechanics of WTO Accession.....	46
Component 3: Targeted Agricultural Value Chains Improved.....	47
Accomplishments Highlights in Year 1 in Component 3 .....	47
Sub-sectors with potential for competitive growth:.....	47
Improved competitiveness of targeted sectors:.....	48
Value Chain Specifics.....	49
Aquaculture.....	49
Inputs including feed.....	49
Improvements at the production and processing level.....	50
Markets .....	51
Associations and Advocacy .....	51
Apple, Pomegranate and Hazelnuts .....	52
Inputs.....	52
Improvements at the production and processing level.....	52
Markets .....	53
Associations and Advocacy .....	53
Dairy .....	54
Inputs including feed.....	54
Improvements at the production and processing level.....	54
Markets .....	55

Associations and Advocacy .....	55
Poultry.....	56
Compliance with International Standards (HACCP).....	56
Organizational Development .....	57
Improved knowledge of agricultural best practices:.....	57
Issues\Constraints .....	58
Planned Activities for the First Quarter of Year 2.....	59
Cross Cutting Activities.....	61
Monitoring and Evaluation (M&E) .....	61
Coordination with other Donor Projects.....	64
Financial Reporting.....	65
Communications and Outreach.....	66
Fixed Price Contracts.....	68
Annex 1 – Legislative Tracking Trade Environment as of September 30, 2011.....	70
Annex 2 – Capacity Building.....	76

## Project Overview

Sibley International is pleased to present the Azerbaijan Competitiveness and Trade Project Q4 and Year 1 Progress Report in accordance with contract number AID-EEM-I-00-07-00003, task order number AID-112-TO-10-00002. This report covers the reporting year and describes Project activities completed during Q4 – July 1-September 30, 2011, as well as highlights activities accomplished during Year 1, October 1, 2010 – September 30, 2011.

The ACT Project began operations in October 2010 and builds on the work of various other USAID Projects previously completed to support similar objectives. The USAID ACT Project aims to improve the domestic business enabling environment; develop a liberalized, more transparent trade environment; and improve targeted value chains in the agriculture sector of Azerbaijan. These overall objectives will be additionally supported through the elimination or mitigation of technical and administrative barriers that hinder progress in all three areas.

Formally, the Project is divided into the three abovementioned interconnected and interdependent components. In addition, there are several cross-cutting technical areas that support all three components. These include the development of a public-private dialog to support discussions between the private and public sector to improve understanding of changes; the analysis of costs of various initiatives (legislation implementation, administrative barriers, trade facilitation, etc.) to facilitate the understanding and possible change of various legal and administrative measures through the use of objective cost information; overall monitoring and evaluation to ensure the Project objectives are met; and development and implementation of a grants program to support the development of partner organizations in building local institutional capacity.

The Project works towards achieving the following as defined in the SOW<sup>1</sup>:

- Broad based understanding and acceptance of the need for an improved domestic business environment achieved, involving businesses, universities, associations, alliances, etc.
- Stakeholders active in pushing towards an business environment, sectors especially in agriculture/agribusiness sector
- Improved domestic business environment laws and the implementation of these laws, leading to an investor climate in the nonoil sectors
- Enhanced capacity within the Central Bank of Azerbaijan to maintain stability within the financial sector of Azerbaijan
- Broad based understanding and acceptance of the need for a liberalized, more transparent trade environment achieved

---

<sup>111</sup> The following objectives are taken directly from the draft revised SOW as discussed with USAID. These revisions had not officially been approved through a project modification at the time of development of this report. However, the report progress for Year 1 reflects the original format of the SOW to ensure that all project activities are reported. Future reporting will be based on the approved year 2 work plan format which is based on the agreed upon revisions to the SOW.

- Stakeholders are active in pushing toward a more liberalized, transparent trade environment
- Laws drafted, amended, and/or adopted, i.e., World Trade Organization related and targeted business environment laws
- Implementing rules and regulations transparently enforced, e.g., greater transparency with regard to trade, and other corruption fighting measures that will lead to increased exports
- Improved access to market information and agricultural best practices, through academic institutions, professional associations, alliances, etc.
- Adoption of best practices by farmers/businesses in targeted sectors
- Improved access to markets for targeted value chains
- Improved access to finance for firms and farms within the targeted value chains

# Project Activities and Accomplishments in Q4 and Year 1 – Executive Summary

## Component 1: Domestic Business Environment Improved

### Accomplishments Highlights in Year 1 in Component 1

The project focused much of its efforts in the first year in providing advice and recommendations to the Office of the President on various business related topics to support improvements in the business environment. This afforded the opportunity to the project to build a close relationship with the legal department and work closely with the on a list of specific topics. In addition, the project built on work begun under the previous financial sector project and made progress in other areas as defined by the initial scope of work. The following are the highlighted achievements for the component over the last year.

1. Competition Code recommendations and revised version of the Code submitted and ACT Project version of the Competition Code informally adopted by the Office of the President
2. Tax Code Recommendations submitted to various ministries and the Office of the President
3. Advice to the Office of the President provided on the proper approach to regulation of foreign investment in Azerbaijan
4. Recommendation on a proposed bank code submitted to the Office of the President
5. E-Commerce related legislation (10 pieces of legislation) recommendations and changes developed to be submitted to the Office of the President in Q1 Year 2
6. Developed in depth recommendations on institutional changes and the overall registration process based on a legal analysis of property registry issues
7. Legal Support Database Handbook for small and medium businesses published
8. Established working partnerships with three banks and one NBF to work with project experts on expanding loan portfolios to the agricultural sector.
9. Central Bank has agreed to launch an effort to establish activity based management as the result of initial support provided by the project.
10. Azerbaijan's Financial Monitoring Service accepted as a member of the Egmont Group as the result of reforms undertaken with project assistance.

### Public-private dialogue

*At least three CSO's are engaging with the government and the public in general on economic reform, and initially through the documentation of barriers hampering trade in agricultural products*

In line with the goals and methodology set out in its statement of work the project began identifying civil society organization (CSO) partners with the "highest capacity of engaging in

research and public dialogue, as well as the demonstrated capability of raising funds independent of USAID.” For this the project mobilized a public private dialogue expert to assist in this effort in late November.

The expert developed recommendations on the proposed partners in December. The project shared this preliminary list and justifications with USAID soon thereafter. In February, USAID requested that the project drop one of its nominees and replace it with the American Chamber of Commerce. In March, the project submitted a revised set of nominees and justifications in line with USAID guidance. Soon thereafter, USAID formally endorsed a list that included three of the project’s nominees: Khazar University, the Center for Social and Economic Development (CESD), the Economic Research Center, and AmCham.

The project developed memoranda of understanding with each of the organizations. Each of these was signed in April and May. USAID entered into an arrangement with the AmCham directly, indicating that the project would act as an implementing partner.

The project began discussions with each of the CSOs in May on their agendas and the project began circulating potential research topics. At this point it was confirmed that if the CSOs (with the exception of AmCham) were to work with the project, it was their understanding and preference that it should be done on a paid-for basis. This then led to the clarification that if the work needed to move forward in this manner, USAID regulations would require competitive bidding in order to demonstrate that any agreed-to compensation was reasonable. Because the number of CSO partners was likely too small to allow for a limited tender, it was decided to open the bidding up to the public.

After some discussions and approval from USAID the project published two requests for proposals (RFPs) that were published during Q4, specifically in August. One RFP was on mapping the start-up of three businesses in order to illustrate and document administrative barriers hampering business activity. This was awarded to a consortium consisting of a consulting firm, a law firm, and a leading civil society organization. Approval of the TOR was pending with USAID as of the end of Q4.

The second RFP called for an evaluation of the president’s transparency and anti-corruption strategy from the perspective of businesses. After receiving proposals, the project decided to rebid on grounds that all the reasonably qualified applicants were contemplating budgets and activities well beyond what the project anticipated. Preparations for republishing the RFP were pending at the end of Q4 of Year 1.

*SMEs and agricultural producers have access to legal resources (both informational and consultative) that better protect their rights or otherwise address business needs*

In addition to the public private dialogue, the project's statement of work called for it to identify existing mechanisms for supporting SMEs and agricultural enterprises in their efforts to work within the existing legal and administrative environment. The project surveyed various legal information providers throughout the country and assembled a coalition of those willing to provide legal assistance to SMEs and agricultural enterprises free of charge or for reasonable rates. By the end of Q4, the legal information providers agreed to inclusion in a brochure the project had developed. This brochure will be distributed during subsequent quarters to the project's partners (primarily in Component 3).

## **Commercial and other Legislation/Appraisal of Public Investment Proposals**

The broad scope of this particular activity requires it to be broken down into sub-activities.

### **Competition Code**

*A competition law in line with international best practice standards tailored to Azerbaijan's particular circumstances*

At the beginning of the project, a draft "Competition Code" had been moving through Parliament on way to eventual enactment. Especially troubling with this code was the fact that it enshrined and endorsed regressive practices on regulating competition found in the current laws. Beginning in December the project took a multi-pronged approach to improving this legislation, working with both the Office of the President and civil society to clarify and reverse the course the draft law had taken. By the end of the year, the Office of the President requested the project to develop an alternative draft Competition Code that would address the shortcomings the project had identified. With the assistance of an expert on competition policy, the project was able to develop a comprehensive set of amendments, which was submitted to the Office of the President in late March.

During Q3, the project was receiving indications that this effort was beginning to reap dividends. The Office of the President circulated the project's draft to the Ministry of Economic Development (MOED) and EU advisors supporting the Parliament.

After receiving independent confirmation of the quality of the draft from the EU advisors, the Office of the President made it quite clear that the draft it was supporting was no longer the one originally in Parliament, but rather the draft developed by the project. Of course, due to technical constraints, it was not possible to simply swap one draft for the other. The project interpreted this to mean that the Office of the President would send signals to substantially

amend the existing draft in order to make it conform with the draft that the project had developed.

To continue the momentum in support of the law, the project sponsored a two-part broadcast on competition issues and law on the TV show “Economic Forum” on the ANS TV station. Additionally, the project staff went on the radio show “Azadlig” (“Liberty”) to discuss the current competition environment, the Competition Code, and its potential to increase competition and protect consumers.

During the final quarter it jointly organized a conference with the Entrepreneur Development Foundation on the principles behind progressive legislation. The Team Leader of Component 1 and the senior Azerbaijani lawyer on the team were featured speakers at this event. The event resulted in approximately a dozen organizations endorsing the principles presented during the conference. The project intends to both use this document and the signatories in supporting the progressive features of the project’s draft in the fall.

### **Tax Code and Administration Reform**

*A draft law revising the Tax Code in line with international best practice standards and tailored to Azerbaijan's particular circumstances*

As noted in several of the project’s planning documents, the content and application of the Tax Code enormously affects the business environment. Further, it was clear from abundant studies and anecdotal evidence that Azerbaijan had substantial room for improvement regarding this aspect of its business environment.

By Q2 of Year 1, the project had developed a two-track plan for engaging on tax reform. The first focused on the short-term. The project would work with the Ministry of Taxes (MOT) and the Ministry of Finance (MOF) to explore how various updated policy recommendations (developed initially under the USAID funded Trade and Investment Reform Support Project, could be adopted in the expected round of amendments that would be submitted to the Parliament during its spring session of 2011.

The second track had the project engaging with the Ministry of Tax and the Ministry of Finance on various legal and administrative reforms over the course of the project’s life, with particular focus on (1) developing an Excel-based revenue estimating model to help the ministries assess the potential effects of various tax proposals and (2) shaping the round of amendments to the Tax Code that were likely to go to Parliament in the spring of 2012.

With regard to the first track, the project rapidly mobilized an advisor with in-depth experience on EU tax policy and a US tax expert with extensive experience with tax administration. These two consultants worked with the two ministries and civil society organizations to develop

proposals focusing on reforming among other things, the country's value added tax (VAT) and its payroll income tax (PIT). These were circulated with the ministries and submitted to the Office of the President in Q2. In April, the project circulated and highlighted its proposals at a tax conference sponsored by the American Chamber of Commerce and attended by the officials from the Ministry of Taxes, other government agencies and the representatives a dozens of the larger companies (both foreign and domestically owned) operating in Azerbaijan.

Despite the optimism spurred by this event, it thereafter became clear that the MOT and the MOF could not develop a cohesive set of proposals for anything but technical amendments addressing the needs of the state oil company. As a result of this, the project began focusing on its longer-term approach. It mobilized its tax policy expert to begin working on a longer-term plan on tax reforms and drafted a proposal to develop a revenue estimation model to support policy proposals.

By the end of Q4, the project had developed informal understandings with both the MOT and MOF on providing assistance generally in accordance with the project's longer-term plans of action. Letters to the ministries outlining these approaches were close to finalization by the end of Q4.

### **Other Laws**

*At least three pieces of legislation improving the business environment have been developed, vetted with stakeholders, and readied for eventual submission to the Parliament*  
*Proposals for issuance or amendment of implementing rules and regulations have been developed, vetted with stakeholders and submitted to the appropriate line Ministry*  
*A law on secured transactions has been developed, vetted with stakeholders, and readied for eventual submission to the Parliament during its Fall Session*

### **Investment Law Analysis**

During Q1, the Office of the President requested the project to provide assistance on improvement of the legislation related to investment activity and foreign investments by drafting a new law that would regulate both areas. However, after review of the legislative framework and after consultations with American Chamber of Commerce (AmCham) and others in the private sector, the project determined that amendments to the laws directly governing investments were likely unnecessary and could be confusing for foreign investors. As a result, the project delayed submission of any draft changes and/or amendments to the Office of the President until this issue could be further researched.

In Q3, the project met again with a representative of the Office of the President. During the meeting, the project clarified that a new law was not necessarily helpful and posed potential risks to the stability of the investment climate as it stood currently. Instead, the project

recommended that focus should turn to amendment and/or enactment of the various specific laws that, together, could improve the general business environment in which investment decisions are made. The representative acknowledged these concerns. The project offered to submit them in the form of a written memorandum.

The project developed Azerbaijani and English versions of the Memorandum on Analysis of Azerbaijan's Investment Legislation in Q4 and shared it with the policy advisor at the American Chamber of Commerce (AmCham), who endorsed it fully. The Azerbaijani version of the Memorandum was also provided to the Office of the President.

### *Legislative Package on E-Commerce*

Continuing the course of prior USAID work, the project mobilized an expert to generate proposals for improvement of various laws and regulations that create a framework more conducive to e-commerce in Azerbaijan. After various consultations with ministries, government agencies and the Office of the President, the latter requested in Q2 that the project develop a set of "parliament ready" amendments that could be circulated amongst the ministries and submitted to Parliament in a short period of time.

The project's local attorneys worked on recommended changes on approximately a dozen laws and regulations necessary to establish an e-commerce enabling legal framework. Eventually, it became clear that additional foreign technical assistance was needed to fully resolve legal and technical issues raised by this effort. As a result, the expert was mobilized over the course of two relatively brief trips in August and September. The work, in the form of draft amendments and a supporting memorandum was near finalization at the end of Q4.

### *Institutional Aspects of Property Law Reform*

Meetings held with the Office of the President early in the year indicated the need for advice on how to address institutional questions raised by competition between two agencies vying for authority over the conduct of the cadaster registry and the development of a national system for organizing geographic data held by various government agencies. The arcane and highly technical nature of this question called for the mobilization of two consultants: one well versed in legal issues concerning land registries, and the other a geodetic engineer experienced with the workings of government mapping agencies.

The consultants were mobilized in Q4. They consulted extensively on these questions with various ministries and donors and developed a draft paper on these issues. Partly reflecting the work of these consultants, the State Committee for Property Issues (SCPI) invited the project to participate and deliver a speech in a conference entitled "The role of the unified cadaster of

real estate and National Spatial Data Infrastructure in property administration”, jointly sponsored by the World Bank and SCPI to be held in early October 2011.

### ***Law on Secured Transactions***

During the first year, the project began working on discussions related to the adoption of a secured transactions law that was developed previously with the support of another USAID project. During that time there was strong government support in the SCPI to champion the legislation and support its adoption. However, shortly after a personnel change, it was clear that the support would no longer be provided. Based on this change, the IFC in cooperation with the project began discussions on other potential supporters in the government such as the Central Bank and the Office of the President. However, in Q4 in order to promote the legislation and support greater understanding of the concepts and benefits especially for banks and SMEs, the IFC and the project agreed to co-host a conference on the law on secured transactions in October 2011.

### **Development of More Rigorous Project Appraisal Practices at Government Agencies**

*Two training courses in cost-benefit analysis of government projects, attended by government personnel, members of civil society and by students*

Both the statement of work and the work plan called on the project to address the sub-optimal levels of rigorous analysis accompanying decisions on capital-intensive government projects in Azerbaijan. The project responded to this challenge by moving forward on three tracks. First, through extensive consultations with government agencies it developed an approach that would localize training on project appraisal/cost benefit analysis through the Institute for Economic Research (IER), a government think tank under the Ministry of Economic Development. It obtained endorsement by USAID of this approach in Q4. It began mobilizing a foreign expert for an intensive four-week session that would both provide training to line-agency officials and to experts at the IER (who would thereafter serve as trainers to other government officials).

Second, to facilitate the development of skills in this area at the university level, it sent two professors from Khazar University and Azerbaijan State Economic University (ASEU) to Queens University in Canada to participate in an intense, four-week course on project appraisal with the understanding that they would offer this course at their respective universities during the coming academic year. The faculty member from Khazar began offering it in the fall semester. The faculty member from ASEU promised to offer it in the spring of 2012.

Finally, the project evaluated the institutional framework for prioritizing investment projects, consulting extensively with government agencies, donors, and experts on how the government’s approval and prioritization system could more rigorously reflect the costs and

benefits inherent within various projects. The approach, endorsed by USAID in the Year 2 work plan developed during Q4, is to mobilize a government investment expert to address these concerns during the first quarters of Year 2.

### **Amelioration or Removal of Administrative Restraints/Barriers**

*Select administrative barriers have been identified and assessed to determine the most significant in terms of cost (money and time) to businesses, and progress has been made toward removing them, increasing the productivity and competitiveness of Azerbaijani firms*

As noted in the statement of work and the Year 1 work plan, various administrative barriers or restraints hamper the growth and efficiency of businesses in Azerbaijan. Work during Q2 focused primarily on assessments (e.g. administrative constraints facing hazelnut producers) and consultations (several roundtables held in the regions with agricultural producers on administrative restraints).

Late in Q3 the project mobilized an administrative barriers expert. Working primarily during Q4, the expert identified food inspections, land leasing and business start-ups as potential areas where barriers/restraints could be addressed. In addition to this, the expert clarified channels by which the project could work with the Office of the President on establishing a framework for requiring ministries and agencies to conduct regulatory impact analysis of the regulations they are considering.

The expert and project management were able to establish relationships with the myriad of agencies working in the food safety area with the goal of coordination and regularization of inspections driven by risk based factors. The expert also helped shape the bidding process by which a consortium of private firms and a CSO would map out business start-ups during the coming quarter.

### **Institutionalize Knowledge**

*At least three universities are prepared to offer enhanced courses in trade, economics, and agriculture*

The statement of work in this area called on the project to enhance the curriculum and quality of teaching of courses related to economics, trade, and competitiveness offered at the leading universities of Azerbaijan. The project would team up with at least three universities and establish work plans for teacher training and course upgrading.

By Q2, the project had mobilized an expert to undertake this planning exercise and analysis. The analysis and recommendations were presented to USAID by the end of Q2. Subsequent review and costing out of the action plans contemplated by the expert indicated levels of effort by foreign professors substantially above that which USAID wanted the project to support.

Partly as a result of this exercise and partly out of a change in priorities initiated by USAID, this activity was requested to be de-emphasized. This activity has been removed from the current revised version of the statement of work.

## **Central Bank support**

*Technical assistance is being provided to the CBA in accordance with a mutually agreed plan of action.*

The work plan called on the project to provide support to the Central Bank of Azerbaijan (CBA) pursuant to a memorandum of understanding between USAID and the CBA. The memorandum expired in February 2011. A new memorandum negotiated by the parties is under review at the Cabinet of Ministers. In the meantime, USAID decided that the project would provide assistance in five discreet areas contemplated in the draft memorandum and based on letters exchanged between the two organizations in February 2011. These areas are discussed below.

### **Development of an Activity Based Management System at the CBA**

Two of the areas contemplated in the memorandum are “strategic management” and “internal financial management”. Discussions with bank officials clarified that the CBA specifically wanted project support on establishing an activity based management system (ABM) in line with systems introduced in other central banks such as in Turkey and the Czech Republic. According to these officials, such a system would help them more realistically understand the CBA’s costs in the context of the types of “services” and “customers” it supports, thus providing it with a tool to systematically improve its internal financial management.

To meet this request the project mobilized an expert on this methodology, at the end of Q3. During the beginning of Q4, the expert explained the benefits and requirements of implementing ABM and outlined steps for introducing this system at the bank. The bank endorsed this approach and requested additional assistance on this matter from USAID.

### **Development of a Risk Assessment System at the CBA**

One of the areas of cooperation under the draft memorandum involves “strengthening risk-based banking supervision.” Follow-up discussions with bank officials clarified that the CBA needed assistance in establishing a risk assessment system in line with standards adopted in Europe.

A risk assessment system provides senior management with a consistent and objective means of measuring more than a half a dozen threats that banks potentially face. Based on a set of

algorithms and variables that sift through reported data, it helps bank regulators to direct scarce resources at institutions where problems are likely to arise.

The CBA is aware of efforts by the central banks of the Czech Republic and Slovenia, both of which recently installed and launched risk assessment systems. The CBA requested assistance from an expert familiar with these systems or ones of similar character.

During Q3, the project identified a consultant (from Australia) who had the skills and background necessary to meet the needs of the CBA (US consultants typically lack these skills as the US risk assessment approach [widely known as CAMELS] differs from the direction in which the CBA wanted to move). The project vetted this candidate with the CBA and had him approved by USAID. Shortly before his mobilization, however, the consultant sustained a back injury. Over the course of Q4, it became clear that the consultant would not be available for the foreseeable future. The project began a new search and had preliminarily identified an alternative candidate (this time a Canadian) as the quarter and fiscal year ended.

### **Cash Management**

The fourth area under the memorandum contemplated “the development of automated business processes in the cash management system, including the cash handling system and other processes related to the tender and construction of the cash management center.” Work of this sort had been supported by two consultants working under the USAID Financial Stability Support Program (FSSP). They had been providing support on the technical design of a world-class cash management center and the development of a modern software system for managing the bank’s cash accounts.

In March, FSSP ended and the two consultants came under the project’s supervision. Their work, like under FSSP, primarily focused on two tracks described above. During the two quarters in which the consultants worked with the project, their activities focused primarily on developing specifications for multi-million dollar procurements in two different areas: one for the development and installation of a cash management system, the other for the provision, integration and automation of the processes by which bundles of cash and other valuable materials (such as gold) held by the bank, would be transported and stored.

### **Improve Anti-Money Laundering**

Like the support for the bank’s cash management, the project in March also inherited ongoing support under FSSP regarding the country’s anti-money laundering efforts. This work enjoyed substantial momentum, as evidenced by the inclusion of the Financial Monitoring Service (FMS)

into the Egmont Group (a grouping of well-regarded anti-money laundering monitoring units), which was announced during Q3.

Much of the ongoing work with the project focused on trainings of government officials, specifically at the FMS and the Post Office in Q3 and to the private sector--banks, pawnshops, and real estate agents in Q4. The project also sponsored overseas training of two FMS officials in the Netherlands for advanced training in anti-money laundering techniques. As Q4 ended, the project turned its focus to the choice of a vendor that would provide the infrastructure and support for an e-learning system that the project plans to develop in Year 2.

## **Commercial Bank Support**

*At least five financial institutions are receiving technical assistance primarily designed to increase their willingness and capacity to lend in the agricultural sector*

The statement of work called on the project to work with as many as ten banks and non-bank financial institutions to increase lending in the agricultural sector. This effort began with an assessment conducted during Q1 by a financial sector expert. He recommended six commercial banks and three microfinance institutions as potential partners. The general areas identified for intervention included credit and lending, risk management, market research and product development, sales and portfolio development, anti-money laundering, improvement of technical knowledge and skills, improved Management Information Systems (MIS) and portfolio management, and client education and outreach programs.

After several rounds of discussions with USAID during Q2, the number of financial institutions that would initially receive technical assistance was reduced to five. The project developed work plans in close cooperation with these institutions and developed terms of reference for the consultants that would be assisting them. It also began drafting memoranda of understanding with each of the institutions to guide this work. It soon became clear that Access Bank (one of the five banks) would not need consulting assistance in agricultural lending and instead raised the possibility of receiving assistance in outreach to farmers and other agricultural producers.

During this time period, USAID began to raise concerns about the amount of consulting time that would be consumed under the proposed work plans. It also had concerns about the amount of funds that each of the banks would contribute to this effort. Eventually, however, by the end of Q3, the project entered into MOUs and mobilized experts to assist four banks/non-bank financial institutions (NBFI) in expanding lending in the agricultural sector: Turan Bank, AG Bank, Vision Fund Azercredit, and Demir Bank.

During Q4, four consultants worked intensely with the partner banks and NBFIs to reorient their lending practices to better understand and manage opportunities for lending in the agricultural sector. After obtaining feedback from the banks and taking in the views of the consultants the project decided to reallocate resources. The number of consultants was reduced to just two. These two consultants would provide advice to the four organizations (Turan, Demir and AG Bank) and to VF Azercredit. One of the consultants would also work with the Azerbaijan Bank Training Center in order to explore ways in which perspectives and insights of the bank consultants could be shared with more banks and NBFIs.

## Issues\Constraints

The project in the first year confronted some constraints in its work in component 1. In terms of its work with commercial law, there were a limited number of meetings obtained with representatives from the Office of the President. While the project was able to meet for key discussions, regular meetings were not able to be scheduled due to the legal representative's apparent work load. However, the project held regular discussions with staff from the President's Legal Office to ensure that timely information was being provided regularly

It also became apparent over the course of the year that tailoring international best practices to Azerbaijan's unique legal and institutional framework was more difficult and time consuming than in most countries. The project adjusted timelines and accounted for additional time to account for these difficulties.

On tax reform, the project spent considerable time and energy attempting to assert changes into a policy dialogue regarding taxes. However, because the Ministry of Taxes and the Ministry of Finance were unable to come to an agreement on various policies, no substantial changes were made to the Code in the Parliament's spring session of 2011. Despite this fact, the project was asked to provide its policy recommendations directly to the Office of the President for its review. In addition, the project continued to develop relationships and support the dialogue with the two ministries.

On financial sector reform, the slow progress of approval of a memorandum of understanding between USAID and the Central Bank has hampered the project in its efforts to finalize with various bank departments the extent to which the project can offer technical assistance. However, the project has continued to provide support in each of the areas outlined and agreed in that document.

## **Planned Activities for the First Quarter of Year 2**

### **Build and Sustain the Case for Economic Reform in Azerbaijan**

The project will launch the mapping of business start-ups in the olive sector and fish processing, upon USAID approval.

The project will consider rebidding the tender on evaluation of the president's anti-corruption strategy.

The project will distribute through Component 3 the brochures on legal information providers it developed in Year 1.

### **Facilitate Changes to Business Related Laws Regulations and Administrative Procedures so as to Improve the Business Climate**

The project will submit a revised legislative agenda to the Office of the President.

The project will submit a package on e-commerce legislative reforms to the Office of the President.

The project will promote the benefits of a secured transactions law through a conference jointly sponsored with the International Finance Corporation (IFC).

### ***Tax Reform***

The project will provide the Ministry of Taxes and Ministry of Finance with a Value Added Tax (VAT) model and a Payroll Income Tax (PIT) model with supporting documentation. It will also provide training on such models.

The project will also submit a report to the Ministry of Tax and the Ministry of Finance on the impact on state revenues in regards to the recommend reforms suggested by the project during Year 1.

### ***Property Law Reform***

The project will submit a briefing paper on institutional aspects of property/cadaster law issues to the Office of the President.

The project will submit proposals on amendments to the draft cadaster law to the Office of the President.

### ***Competition Law Reform***

The project will step up its support for a progressive Competition Code, in particular through active participation in a conference on the legislation organized for the benefit of Parliament. It will use that event to obtain additional opportunities to contribute to the dialog shaping the final legislation.



*ACT brings together government, donor society and NGOs to discuss principles of progressive competition legislation*

### ***Administrative Barriers Reduction***

The project will organize a meeting inviting all of the five agencies in charge of food safety to discuss how to develop a risk based, transparent, and fair methodology for food safety inspections. In addition, the project will begin piloting improvements in the inspection processes in those agencies such as the introduction of inspection checklists and improved planning.

### ***Public Investment Rationalization***

The project will conduct an intense, four-week training of personnel from various ministries on project appraisal/cost benefit analysis. It will develop a post-training, training-of-trainers session for personnel from the IER to allow them to conduct follow on trainings themselves.

### ***Enhance the Capacity of the Central Bank to Maintain Stability within the Private Sector***

The project will mobilize consultants to work with the Central Bank on activity based management and on risk-based bank supervision.

The consultants supporting the development of the cash management system at the CBA will determine which potential suppliers of cash management software have met the prequalification standards. They will undertake a similar decision with respect to potential suppliers of the materials handling system.

## **Anti-Money Laundering and Counter Finance of Terrorism**

The project will finalize a mutually agreed upon work plan with the Financial Monitoring Service.

The project will enter into a contract with a supplier of the e-learning system.

The project will offer training on SQL database and MS Excel software to members of the Financial Monitoring Service.

The project will begin developing and loading content into the e-learning system in accordance with a work plan on this matter.

## Component 2: Liberalized, More Transparent Trade Environment Developed

### Accomplishments Highlights in Year 1 in Component 2

During Year 1, the project had significant successes in improving the trade environment through promoting and advancing trade-related policy and legal reforms in line with WTO agreements and facilitating deeper trade liberalization for both goods and services. Progress toward WTO accession continued with greater confidence built to undertake commitments requested by WTO members. Two activities in particular are indicators of progress: (i) working party meetings are held showing progress in legal reforms and (ii) bilateral market access negotiations are held showing improved market access commitments. Key specific results in Year 1 include the following:

1. New Customs Code adopted
2. Draft Law on Anti-Piracy and IP Protection submitted to Office of the President
3. Draft Law on Accreditation prepared
4. Draft Law on Amending the Law on Standardization prepared
5. Supported the Office of the President to make further improvements to the Draft Law on Technical Regulations
6. Draft Law amending five Intellectual Property laws submitted to the Cabinet of Ministers
7. Draft Amendments to the Law on Veterinary submitted to the Ministry of Justice
8. Draft Amendments to the Law on Phytosanitary submitted to the Ministry of Justice
9. First Draft of Law on Trade Remedies (Anti-Dumping, Countervailing, and Safeguards) prepared
10. Half a dozen Draft model regulations for implementing key aspects of the new customs code prepared
11. Azerbaijan's Eighth WTO Working Party meeting held
12. Azerbaijan positioned for its Ninth WTO Working Party meeting
13. Replies to questions raised by WTO Working Party members finalized and submitted to the WTO Secretariat
14. Revised offer on services finalized and submitted to interested WTO members
15. Revised offer on goods finalized and submitted to the WTO Secretariat
16. Bilateral negotiations on goods and services market access conducted with US, EU, Canada, Chinese Taipei, Switzerland, and Norway in October 2010
17. Bilateral negotiations on goods and services market access conducted with Brazil, Ecuador, EU, China, and Switzerland in July 2011
18. Finalization and submission to the WTO Secretariat Annex 6 of ACC/1 for four state trading enterprises
19. Two studies conducted on cost of trade for import and export processes

20. Three studies conducted addressing three WTO-relevant policy issues (export duties, excise taxes, and VAT agricultural exemptions)
21. Study prepared and analytical model developed to promote further tariff liberalization
22. Azerbaijan became a Member of Codex Alimentarius in January 2011
23. National Codex Point Established at the State Committee on Standardization, Metrology, and Patents
24. Local NGO (ERC) with capacity developed to effectively assess cost of trade and promote sound reforms

## WTO and trade environment

Activities under ACT in Component 2 in Year 1 were aimed to achieve the following:

- Successful Completion of its Eighth WP Meeting and Positioning for the Ninth WP Meeting
- Confidence of Policy Makers Built to Make Proper Decisions for Eliminating Policy Issues Hindering Accession
- Azerbaijan Prepared to Launch Next Round of Bilateral Market Access Negotiations with Improved Offer on Services
- Azerbaijan Prepared to Launch Next Round of Bilateral Market Access Negotiations with Improved Offer on Goods
- Greater Conformity of the Legal Framework with WTO Agreements and Improved Trade and Investment Legal Framework
- Improved Institutional Capacity to Comply with, and Benefit from, WTO and Integration
- Increased Political and Private Sector Support for WTO Accession and Related Reforms

### WTO Accession Process

*Successful Completion of its Eighth Working Party Meeting and Positioning for the Ninth WP Meeting*

Azerbaijan's WTO Eighth Working Party (WP) meeting was held on October 18, 2010 at the WTO Secretariat in Geneva, Switzerland. Azerbaijan's Delegation was headed by Deputy Minister of Foreign Affairs, Mahmud Mammadgulyev. It included a dozen officials from key ministries and state bodies including Mr. Bakhtiar Alishev, Director of Foreign Trade Policy and WTO Department. The Meeting was chaired by HE Mr. W. Lewalter, Germany. The following WTO Members participated in this meeting: Australia, Canada, China, Chinese Taipei, European Union, Haiti, Honduras, India, Japan, Korea, Nepal, Norway, Pakistan, Panama, Philippines, Switzerland, Thailand, Turkey the United States of America, and Ukraine. Over a dozen EU Member countries attended this meeting including representatives from Czech Republic,

Estonia, Finland, France, Germany, Latvia, Romania, Slovakia, Spain, and United Kingdom. In addition, the following observers attended: Iran, the Russian Federation, Syria, Tajikistan, and Uzbekistan.

The ACT project arranged and funded the trip for the following persons to the Eighth WTO Working Party meeting in Geneva:

- Bakhtiyar Alishov-Head of the WTO Department at the Ministry of Economic Development,
- Gulchin Alasgarova-Head of the Division under the WTO Department at the Ministry of Economic Development,
- Farhat Youwakim Farhat – Deputy Team Leader of Component 2 of the ACT project, and
- Metin Akhundlu – Interpreter.

At the meeting, Members were pleased with the revised text of the Factual Summary and additional information provided in the replies to Members' questions as well as the revised legislative action plan. Some Members reported in general terms regarding market access negotiations and indicated a need for further improvements in the agricultural offer as well as broader coverage in the services offer and reduction of transitional periods. Members indicated satisfaction with progress in a number of areas such as intellectual property and SPS and the establishment of the TBT Enquiry Point, GATS Enquiry Point, and National Codex Point. Members were also pleased with the additional information regarding privatization and stressed the need to notify state trading entities (Annex 6 of ACC/1). It was stated that additional information from Azerbaijan, particularly texts of laws and draft laws, could help Members understand the good work that has taken place toward WTO conformity.

Members were pleased with the level of participation of Azerbaijan's negotiation team, particularly that many of those who answered questions volunteered additional information in replying to most questions during the meeting. The Azerbaijan delegation was generally forthcoming and the meeting was generally positive and constructive.

Other than committing to harmonize excise duties for conformity with GATT Article III (National Treatment), Azerbaijan maintained its position regarding the other key policy issues, stating in some instances (e.g., elimination of export duties, elimination VAT exemptions on domestic agricultural goods) that decisions will be made once impact analyses are completed. Azerbaijan continued to also argue to be treated as a developing rather than developed country.

The Azerbaijan delegation committed during the WP meeting to rapidly move forward on remaining legal reforms and keep Members informed through submission of an updated

legislative action plan as well as English texts of adopted legislation. No indication was however made to submit draft legislation. Azerbaijan nonetheless submitted with the assistance of the project many of its draft legislation. Submission of draft legislation is always viewed positively by WTO WP Members and is indicative that Azerbaijan is again forthcoming and cooperative in the accession process.

The project's senior WTO advisor provided technical support and attended the meetings as an observer. The project reported on the proceedings of the meeting and provided recommendations and next steps to prepare for the WTO Ninth WP meeting. Subsequent to the WTO Eighth WP meeting, Azerbaijan received questions from the EU and US. The project assisted in guiding relevant ministries and state bodies in understanding, researching, and preparing replies to these questions. Several rounds of discussions were held with ministries, especially with the Ministry of Economic Development (MOED) to get proper responses. During the reporting period, the project also clarified and answered day-to-day questions by ministries, reviewed and commented on prepared answers, provided model answers referenced from legal documents, and provided training to ministries on answering questions. As a result, proper answers to the questions were prepared and agreed upon with line ministries and submitted to the WTO Secretariat by the Ministry of Foreign Affairs (MFA) in June 2011 and made available to WTO WP Members in order to update the factual summary. The government expressed appreciation with project assistance to support this process to ensure proper information was provided.

The project assisted in packaging and submitting other supporting documents as a result of the Eighth WTO WP meeting including existing and draft legislation related to IP, TBT, and SPS and customs:

- Adopted Customs Code
- Draft Law on Technical Regulations;
- Draft Amendments to the Law on Food Products;
- Draft Amendments to the Law on Sanitary and Epidemiological Welfare;
- Draft Law on Combating Piracy; and
- Draft Law on broadcasting organizations.

Moreover, the project assisted in finalizing Annex 6 of ACC/1 for four state trading enterprises and updating the legislative action plan which was submitted to the WTO Secretariat in June 2011. With such progress, Azerbaijan is positioned to have its Ninth WTO Working Party meeting which can take place four weeks after the WTO Secretariat finalizes revisions to the

Factual Summary on the basis of replies to the questions that were submitted earlier in the year.

Due to the intense engagement of the WTO Secretariat Accession Division in the accession of Russia and a shortage of resources at the WTO Secretariat, the WTO Accession Division initiated preparation of the Factual Summary in September 2011. It is anticipated that a revised version will be produced by the WTO Secretariat by mid-October 2011 for commenting by Azerbaijan and which can then be finalized for circulation to Members before the end of October 2011. This will allow a WP meeting to take place as early as late November 2011.

*Confidence of Policy Makers Built to Make Proper Decisions for Eliminating Policy Issues Hindering Accession*

One of the major hindrances in the WTO accession process is the failure of Azerbaijan to address the following ten key policy issues:

1. Commitment on prohibited subsidies for industrial goods
2. Commitment to bind agricultural export subsidies to zero
3. Commitment to bind Other Duties and Charges (ODCs) 2 to 0
4. Commitment to eliminate export duties
5. Elimination of ban on export of scrap and waste of ferrous and non-ferrous metals
6. Fees for cost of services rendered
7. Exemptions from VAT for domestically produced agricultural goods
8. Discriminatory application of excise taxes
9. Margin of preference in government procurement
10. Commitment on the Government Procurement Agreement (GPA) and the Trade in Civil Aircraft Agreement

The Government of Azerbaijan (GOA) has indicated that decisions will not be made regarding many of these policy issues without economic impact analysis. ACT started during Q3 and completed during Q4 three studies to build confidence and promote elimination of the following three policy issues hindering accession, and demonstrated that addressing the following policies as required under WTO will have minimal or no impact:

- harmonization of excise taxes
- elimination of export duties

---

<sup>2</sup> Other Duties and Charges means duties and charges on imports other than import duties, taxes (which apply equally on domestic goods), and fees for services rendered (e.g. customs processing fees, licensing fee)

- elimination of VAT exemption on domestic agricultural goods

These three analysis reports were disseminated to stakeholders. In July and August 2011, the three studies and respective methodologies were presented to the MOED, the Institute of Economic Research (IER) under MOED, and NGOs, including Economic Research Center (ERC). Capacity building was provided by the project to IER and ERC on techniques used for conducting these assessments.

Two roundtables were held to present results of these analysis reports in August 2011. The first roundtable's focus was on the assessment of the impact of excise tax harmonization and the elimination of VAT exemptions. The second Roundtable's focus was on the assessment of the impact of the elimination of export duties and tariff liberalization.

Participants in the first roundtable were representatives of:

- WTO Department in MOED
- State Customs Committee
- Ministry of Agriculture
- Ministry of Taxes
- Ministry of Finance
- IER (under MOED)

Participants in the second roundtable were representatives of:

- WTO Department in MOED
- State Customs Committee
- Ministry of Agriculture
- Ministry of Industry
- IER (under MOED)

Participants in both roundtables showed enthusiasm and fairly broad consensus on the underlying issues. Nonetheless, they also expressed the need for extensive capacity building efforts, given their level of responsibilities for providing evidence-based policy to the decision makers within their ministries, inter-ministerial working groups, and their forthcoming negotiations within the WTO accession process.

Currently, there is a lack of capacity to produce and use evidence-based policy recommendations in Azerbaijan. This leads to traditional and outdated modes of decision

making that, invariably, impedes the economic development of the country. Decision makers are currently served by the staff that are not able to provide adequate analysis, explanation, or convincing international experience for their managers.

The three studies were well received by authorities. MOED called for an additional roundtable in October/November 2011 to discuss the results with the aim of building support for changing the aforementioned policies. The roundtable will involve staff from the Customs Agency, Ministry of Finance, Ministry of Tax, Ministry of Agriculture, the Ministry of Industry, and the Ministry of Foreign Affairs.

Throughout the first year, ACT continuously engaged relevant ministries including MOED and Ministry of Foreign Affairs (MFA) in discussions toward eliminating key policy issues hindering WTO accession including, in addition to the aforementioned three policy issues, all issues listed in the paper on top ten policy issues hindering accession (e.g., elimination of prohibitions, fees for services, and commitment on industrial subsidies).

In addition, the project organized and hosted on February 17 – 18, 2011 an International seminar on “WTO Accession Experience of Recently Acceded Countries” where internationally recognized experts participated in this event:

- Ms. Hilda Al-Hinai, Deputy Permanent Representative to the WTO who shared her experience of Oman in acceding to the WTO;
- Ms. Alicia Greenidge, International Trade Expert who shared her experience as ex-USTR Service Negotiator;
- Mr. John Hancock, Councilor, Trade and Finance Division, WTO Secretariat who shared his experience as a long serving WTO Secretariat official.

The seminar was moderated by Mr. Farhat Farhat (Senior WTO Advisor, USAID ACT Project) and Mr. Elkhan Mikayilov (Team Leader, USAID ACT Project) who also delivered a lecture on Azerbaijan’s accession challenges.

The main themes resonating across the seminar were the need to: i) rapidly adopt non-negotiable commitments (e.g., legislation for WTO conformity and elimination of WTO-inconsistent policy measures); ii) rapidly conclude on negotiable items as delays do not serve the interests of Azerbaijan; and iii) avoid protectionism and failed import substitution policies. WTO concessions should not be viewed as a cost but rather as an opportunity to engage in the multilateral trading system and increase access for Azerbaijani goods and services.

By the end of the seminar, the audience appeared to have full concurrence on the need to move forward. In addition, many expressed gratitude for the information which they found

useful in terms of promoting remaining reforms and improving market access offers on goods and services. Some participants, in addition, indicated the importance of conducting economic impact analyses in certain areas to convince policy and decision makers to move forward. The event was well attended by all key ministries and state bodies and academia with active participation in discussions.

*Azerbaijan Prepared to Launch Next Round of Bilateral Market Access Negotiations with Improved Offer on Services*

During the week of October 18, 2010, Azerbaijan held bilateral meetings at the WTO Secretariat on market access on services with US, EU, Canada, Chinese Taipei, Switzerland, and Norway. Most countries engaged in bilateral market access negotiations on services submitting specific requests for further improvements in the offer on services. Some countries requested broader coverage and deeper commitments including reduction of transitional periods in certain areas.

In order to be responsive to WTO Members' requests, MOED and MFA requested that the project assist in understanding these requests and developing a clear and full understanding of service trends and typical commitments for the following:

1. Service subsidies,
2. Energy,
3. Direct branch banking services,
4. MFN exemptions,
5. Temporary entry of natural persons,
6. Telecommunications,
7. Insurance,
8. Maritime,
9. Education/health, and
10. Distribution services.

ACT fielded a senior services negotiations specialist who delivered this assistance over multiple phases including the most recent intervention during Q4 (September 2011). Service sector-specific papers were developed for each of the aforementioned service areas. A total of ten papers were prepared generally covering the following issues for each of the service topics listed above:

- Any relevant GATS rules
- Trends in commitments

- Any commitments of major WTO countries
- Comparison of commitments of recently acceded developing countries including Saudi Arabia, Vietnam, Jordan, Panama, Oman
- Comparison of commitments of recently acceded former Soviet Union countries including Kyrgyzstan, Georgia, Moldova, Armenia and Ukraine
- Preliminary view of potential qualitative impact on Azerbaijan's economy, where appropriate

Each of the papers was discussed bilaterally with the appropriate line ministry in addition to roundtable discussions involving line ministries, MOED, MFA, and other relevant state bodies. A total of ten roundtables were held during Year 1. The papers concerning telecommunications, insurance, maritime, education/health, and distribution services were prepared during period May-July 2011 and discussed in five roundtables during Q4 (September 2011). ACT also delivered a seminar on understanding trends and commitments related to professional services focusing on legal and accounting services. In addition, the project delivered two public awareness seminars on services to build support for deeper liberalization in the service sphere.

Accordingly, the Government of Azerbaijan considered requests from the respective WTO Members, and subsequently provided revised offers during Year 1. Revised offers reflected improvements which encouraged a number of members to hold bilateral market access discussions on services last July 2011, and others to plan meetings in conjunction with the Ninth WP meeting planned for fall 2011.

The Government of Azerbaijan has been highly appreciative of the assistance provided by the project which has included development of comparative papers on services and the facilitation of related roundtables. The assistance has tremendously helped in influencing improvements in the revised services offers which were welcome by most WTO Members negotiating with Azerbaijan.

*Azerbaijan Prepared to Launch Next Round of Bilateral Market Access Negotiations with Improved Offer on Goods*

During the week of October 18, 2010, Azerbaijan held bilateral meetings at the WTO Secretariat on market access on goods with US, EU, Canada, Chinese Taipei, Switzerland, and Norway. Most countries engaged in bilateral market access negotiations on services and submitted specific requests for further improvements in the offer on goods. Some countries requested deeper commitments in the agricultural sector and adherence to sectoral initiatives. Some also requested that Azerbaijan bind closer to its currently applied customs duties. In order to be

responsive to WTO Members' requests, MOED and the MFA requested that the project assist in exploring the impact of the reduction of import duties for an initial set of 14 agricultural and non-agricultural goods. The project fielded an expert economist to conduct this work and build the capacity of IER and ERC in economic modeling.

Based on international best practices, availability of the data, and the existing capacity, a partial equilibrium modeling approach was selected. Given the existing limited capacity within MOED, every effort was made to develop models, programs, and data analysis using available software, including Microsoft Excel and MS Access. This ultimately led to the development of a Trade Reform Impact Simulation Tool for Azerbaijan that could be used for a wide range of applied trade policy analysis. Similarly, other related modeling and analysis were carried out using MS Excel software, which are easily accessible to government officials. Nonetheless, at every instance thorough documentations (and/or manuals) were developed to ensure the ease of use and sustainability within the organizations responsible for the WTO accession efforts.

The analysis directly responded to MOED's request for assistance in exploring the impact of reduction of import duties for an initial set of 14 agricultural and non-agricultural goods (priority products). After developing a partial equilibrium framework and its application within the Azerbaijan Trade Reform Impact Simulation Tool (Azerbaijan TRIST), an in-depth analysis was conducted of all 14 priority products on a goods-by-goods basis. The analysis indicated minimal impact of trade liberalization on fiscal revenue and imports. Nonetheless, considerable diversion of trade from the Commonwealth of Independent States (CIS) and towards the rest of the world appeared to be the by-product of the tariff liberalization. A positive demand effect, due to the lower prices, points to a slightly higher positive impact on domestic production. Assuming reciprocal treatment of the imports from Azerbaijan by its trading partners, tariff liberalization will substantially improve Azerbaijan's exports to the rest of the world. Overall, the reported analysis showed higher welfare gains for Azerbaijani citizens across all priority goods, if Azerbaijan liberalizes its tariff rates by joining the WTO. Conversely, welfare loss due to the delays in joining the WTO is indicated by the lower consumption levels of the same priority goods, which is estimated to be about 2.3% per annum.

The project's expert economist, in cooperation with IER, presented the report with findings to MOED and provided an experiential training on Azerbaijan TRIST (Trade Reform Impact Simulation Tool), while considering a series of tariff liberalization scenarios during Q4.

Azerbaijan completed revisions to its offer on goods for certain countries (including EU members) in June 2011 and for other countries in late August 2011. The revised offers have been disseminated to relevant countries. The project continuously promoted through Year 1 greater liberalization and the sharing of intermittent and final results of the TIRST model prepared for assessing the impact of further reduction in bound rates for certain goods. Some

WTO members, negotiating market access with Azerbaijan, expressed interest in holding bilateral negotiations on goods on the basis of the revised offers and given the improvements. A round of bilateral negotiations on market access was held in July 2011 with Brazil, Ecuador, the EU, China, and Switzerland. Half a dozen other WTO members have expressed interest in holding market access negotiations on the fringes of the anticipated working party meeting in fall 2011.

### **Legislative Support for Improvements in the Trade Environment**

#### *Greater Conformity of the Legal Framework with WTO Agreements and Improved Trade and Investment Legal Framework*

At the start of Year 1, the project updated the legislative tracking chart for monitoring and tracking draft legislation in the legislative process. The project also met with the Legal Department of the Office of the President to introduce the project and discuss opportunities for cooperation. As a result of the discussions, the project committed to generating a list of priority legislation that can be supported by the project in cooperation with the GOAJ. The list was promptly developed and delivered to the Office of the President. In addition, there were several meetings held to discuss the legislative agenda which included the Draft Customs Code and the Draft law on Technical Regulations.

The project continuously monitored the legislative process for over 20 draft trade-related pieces of legislation and offered advice and intervened where necessary to ensure that drafts remained WTO-consistent.

Progress made during Year 1 is as follows:

1. New Customs Code adopted
2. Draft Law on Anti-Piracy and IP Protection submitted to the Office of the President
3. Draft Law on Accreditation prepared
4. Draft Law on Amending the Law on Standardization prepared
5. Draft Law on Technical Regulations revised at the Office of the President with additional improvements
6. Draft Law amending five Intellectual Property laws submitted to the Cabinet of Ministers
7. Draft Amendments to the Law on Veterinary submitted to the Ministry of Justice
8. Draft Amendments to the Law on Phytosanitary submitted to the Ministry of Justice
9. First draft of the Law on Trade Remedies (Anti-Dumping, Countervailing, and Safeguards) prepared

10. Half a dozen draft model regulations for implementing key aspects of the new customs code prepared

The project continued working with the State Copyright Agency and received an official letter on consideration of comments provided by the project on the following drafts:

- Amendments to the Law of Azerbaijan Republic on Commercial Secrets;
- Amendments to the Law of Azerbaijan Republic on Legal Protection of Topologies and Integral Circuits”;
- Amendments to the Civil Procedural Code of Azerbaijan Republic;
- Amendments to the Code of Administrative Offences of Azerbaijan Republic; and
- Amendments to the Criminal Code of Azerbaijan Republic.

The project worked on reviewing and assisting in finalizing the initial draft Law on Anti-dumping, Countervailing, and Safeguard Measures to ensure conformity with the three respective WTO agreements and prepared a shorter version, excluding implementing provisions from the law and prepared draft implementing regulations on the following:

- The Rules on calculation of costs (anti-dumping);
- The Rules on calculation of amount of subsidy (countervailing);
- The Rules on initiation and conducting an investigation, and notification on investigation;
- Regulations (bylaws), structure and main functions of the State body responsible for the Trade Remedies Law (investigating authority); and
- Application forms (models) for initiation of proceedings on trade remedies.

The Project worked closely with the Office of the President to further improve the Draft Customs Code through several rounds of discussions. In order to facilitate greater understanding of the new provisions of the Code by the Office of the President and Parliament, the project held a roundtable on the “New Customs Code and WTO requirements” with government bodies. As a result of project support, the WTO compliant Customs Code was adopted by the Parliament on June 24, 2011.

During Q4, the Project finalized the draft implementing regulations that will be needed for the implementation of the Customs Code. Azerbaijani versions of several draft regulations were prepared covering:

- Post-clearance audit,

- Advance origin rulings,
- Pre-arrival declaration,
- Advanced cargo declaration rules,
- Authorized Economic Operators (AEO) certification,
- Management of Authorized Economic Operators,
- Customs Valuation of Software,
- Interpretative Notes on Customs Valuation, and
- Customs Valuation of Interest Charges.

Throughout Year 1, the project worked with the Cabinet of Ministers and State Committee on Standardization, Metrology and Patents to get consensus on draft amendments to the Law on Food Products and provided support to MOED to advance the Draft Amendments to the Law on Phytosanitary and Draft Amendments to the Law on Veterinary.

Also throughout Year 1, the project continued working with the Office of the President and State Committee on Standardization, Metrology and Patents to finalize the draft law on Technical Regulations. In addition, the project worked during Q4 with the State Committee on Standardization, Metrology and Patents on finalizing the draft law on accreditation and draft amendments to the law on standardization.

Finally, ACT updated conformity charts to reflect changes to draft laws:

- ACC/9 – checklist for TRIPS conformity
- ACC/8 – checklist for TBT conformity
- Annex 4 to ACC/1 on customs valuation

There were no significant changes to draft SPS laws during Year 1 that required updating of ACC/8 for SPS.

Please see attached the legislative tracking chart as of September 30, 2011 in Annex 1.

### **Institutional Capacity Building**

*Improved Institutional Capacity to Comply with, and Benefit from, WTO and Integration*

In an effort to improve institutional capacity to comply with, and benefit from, WTO and integration, the following activities were conducted in Year 1 of the project:

### Action Plans for WTO Working Units:

The project conducted a quick assessment of capacity of WTO working units capacity within key ministries and state bodies and developed action plans to strengthen their abilities to effectively contribute to advancing the WTO accession process. The following ten action plans were designed with the aim of enabling efficient and effective progress toward meeting WTO legislative commitments and advancing the WTO accession process. It is suggested that these be implemented during the period January 2011-December 2012 as follows:

1. Action Plan for Capacity Building of the Ministry of Economic Development on Trade Remedies: First half of 2011
2. Action Plan for Capacity Building of the Legal Department of the Office of the President: 2011-2012
3. Action Plan for Capacity Building of the Economic Commission at the Milli Mejlis and relevant Parliamentarians and staffers: 2011-2012
4. Action Plan for Capacity Building of the State Customs Committee to develop implementing legislations for the new Customs Code and Amendments to the Customs Tariff Law: October 2011-June 2012
5. Action Plan for Capacity Building of the State Committee on Standardization, Metrology, and Patents to Develop Implementing Legislation for the TBT related Laws: October 2011-December 2012
6. Action Plan for Capacity Building of the State Committee on Standardization, Metrology, and Patents to Develop Implementing Legislation for IP related Laws: October 2011-December 2012
7. Action Plan for Capacity Building of the National Codex Point at State Committee to advance Harmonization with Codex Alimentarius: October 2011-December 2012
8. Action Plan for Capacity Building of the Ministry of Agriculture to Establish SPS Enquiry and Notification: October 2011-December 2012
9. Action Plan for Capacity Building of the State Phytosanitary Service to Advance Harmonization with IPPC: October 2011-December 2012
10. Action Plan for Capacity Building of the Service Negotiations Team to Advance Bilateral Negotiations on Services: 2011

These action plans were not necessarily implemented by the project. Some of them were implemented in Year 1 and others are planned for Year 2 of the project (number 7-10). Other donors may also contribute. GIZ and the EU all have programs in a number of areas including

standards, intellectual property, and sanitary/phytosanitary measures. Additionally, the World Bank intends to launch a project on customs modernization.

#### Copyright Agency:

Per request of the Copyright Agency, the project:

1. Developed a report on Calculating Damages on Copyright Infringement Claims.
2. Developed a report describing in detail the derivation of the publicly-reported number representing the percentage of US GDP created from copyrights.

#### Food Safety:

The project developed a National Residue Monitoring Plan which serves to promote (i) coordination between SPS agencies and is a first step for compliance with requirements for export to the EU and is (ii) a starting point for the accreditation action plan for the selected laboratory.

#### Trade Remedies Institutional Needs:

The Government of Azerbaijan is currently in the process of finalizing a Law on Anti-dumping, Countervailing and Safeguard Measures (“Trade Remedy Law” or “National Production Protection”). A number of institutional requirements will be required to ensure proper implementation of this law. Misuse of this law could result in major and costly problems and disputes for Azerbaijan on both bilateral and multilateral basis. As such, it is critical that Azerbaijan establishes appropriate implementing institutions and builds relevant staff capacity to properly apply this law. The following institutions or functional sections are needed:

- Anti-Dumping Investigation Section,
- Countervailing Investigation Section,
- Safeguards Section, and
- Injury Section.

Initially, the above-listed functional sections could be combined into one section or as part of a single Trade Remedies Department. The project detailed the role and functions to be provided to each of the four aforementioned units and developed job descriptions for staff and qualification requirements. In addition, the project assessed information technology needs and suggested capacity building programs for staff. Further, the project described the role that the commercial officers at Azeri embassies abroad need to play in support of effective implementation of the Trade Remedies Law. Finally, the project shared experiences of other countries in establishing such institutions with a focus on China, Jordan, and Lebanon.

## Public Private Dialogue on Trade

### *Increased Political and Private Sector Support for WTO Accession and Related Reforms*

There has not been any indication during Year 1 of any reduced support for WTO accession within the public or private sectors. On the contrary, the government was more forthcoming this round by submitting in a timely fashion the replies to questions and revised offers. In addition, for the first time during the last 2 years, the government shared WTO draft laws and recently adopted laws with the WTO Secretariat.

During Year 1 the project held seminars and roundtables on how WTO Accession and Services negotiations might be used for the purposes of protection of the interests of a country, WTO Services Negotiations and possible impact on the private sector, WTO Trade Remedies, and protection of local industry from unfairly priced imported goods, among others. The audience of these events included representatives from government agencies, private sector, as well as academia and NGOs.

The following is a summary of key events:

1. October 27, 2010: project experts, Mr. Elkhan Mikayilov and Mr. Farhat Farhat, attended and made speeches at a WTO workshop for the EU on WTO Accession: International Experience.
2. February 17 – 18, 2011: the project arranged and hosted an international seminar on “WTO Accession experience of recently acceded countries” as described above.
3. April 5, 2011: A seminar on WTO Trade Remedies was organized for the domestic producers.
4. April 20, 2011: Workshop on New Provisions of the Draft Customs Code Incorporating International Standards and Trade Facilitation Measures for private sector (including AMCHAM).
5. April 21, 2011: A seminar on how WTO Accession and Services negotiations might be used for the purposes of protection of the interests of a country has been conducted for students and academic staff of State Economics University.
6. April 21, 2011: Seminar on “Protection local industry from imported goods” with local NGOs.
7. April 26, 2011: A seminar on WTO Services Negotiations and Possible Impacts on Private Sector has been conducted for NGOs such as ERC, AMS and etc.
8. April 27, 2011: Workshop on Draft Customs Code and WTO requirements for government officials including parliamentarians.

9. April 28, 2011: Seminar with Government authorities on "Trade remedies."
10. April 30, 2011: One hour TV program on WTO was successfully organized at ANS TV Channel and following issues were discussed:
  - Misunderstandings about the WTO,
  - Concerns and cautious about WTO,
  - Damages of delaying WTO Accession and importance of speeding up,
  - Main challenges of accession process and proposed solutions, and
  - Proposed solutions.
11. January, March, April and September 2011: The project held 11 seminars, of which six were held in Q4, on various services sector topics as discussed above.
12. June 17, 2011: Project organized a regional seminar on WTO in Sheki on WTO and its impact on the private sector. Representatives from MEOD, the Deputy Executive Power, local NGOs and members of the private sector participated. The Deputy Head of the Sheki Executive Authority made an opening speech emphasizing the importance of economic development and integration to global economic institutions. He shared recent economic developments in the region and also indicated future plans for improving the Sheki Region. He indicated the importance of such events for local business representatives, because they establish a platform for the exchange of ideas and knowledge among private sector representatives and officials from MOED. He also thanked USAID ACT for creating this opportunity. The project followed the seminar's opening with a Q&A session. Participants asked questions regarding the following topics:
  - current WTO accession negotiations, commitments regarding goods (bound tariff levels);
  - administrative barriers (e.g., monopolies) and the impact of WTO Accession on the eradication of these barriers;
  - impact of WTO Accession on agriculture; and
  - participation and possible contributions of private sector to the negotiation process.
13. July 8, 2011: The project organized a similar seminar as the one organized in Sheki for the private sector in Lerik. Mr. Bakhtiyar Alishev, Head of the WTO Department in MOED, participated in this event.
14. August 25, 2011: Roundtable on the Impact of Elimination of VAT exemptions and harmonization of excise taxes on import for government officials as discussed above.

15. August 26, 2011: Roundtable on the Impact of Tariff Liberalization on Priority Goods in Azerbaijan and Elimination of Export Duties on Revenue and Production in Azerbaijan A Product-by-Product Approach as discussed above.

The following documents were prepared and/or disseminated:

- Assessing the Impact of Excise Tax Harmonization on Revenue and Production in Azerbaijan a Product-by-Product Approach.
- Assessing the Impact of Eliminating VAT Exemption on Domestic Agricultural Producers and Revenue in Azerbaijan.
- Assessing the Impact of the Elimination of Export Duties on Revenue and Production in Azerbaijan a Product-by-Product Approach.
- Assessing the Impact of Tariff Liberalization on Priority Goods in Azerbaijan.
- Working Paper: WTO General Agreement on Trade in Services Disciplines and Commitments on Education and Health Services.
- Working Paper: WTO General Agreement on Trade in Services Disciplines and Commitments in Distribution Services.
- Working Paper: WTO General Agreement on Trade in Services Disciplines and Commitments on Insurance Services.
- Working Paper: WTO General Agreement on Trade in Services Disciplines and Commitments in Maritime Transport Services.
- Working Paper: WTO General Agreement on Trade in Services Disciplines and Commitments in Telecommunications Services.
- Working Paper: WTO General Agreement on Trade in Services Disciplines and Commitments in Direct Branching in Banking.
- Working Paper: WTO General Agreement on Trade in Services Disciplines and Commitments in Subsidies in Services.
- Working Paper: WTO General Agreement on Trade in Services Disciplines and Commitments in Energy services.

## Cost of trade

*Mechanism for Quantification of the Cost of Trade Established*

*Capacity of Selected Partner Built through Formal Training and On-the-Job Training in implementing Three Pilots to Map out Trade Processes, Identify Trade Bottlenecks, and Assess Costs of Trade Completed*

*Public-Private Support Built for Reducing Cost of Trade*

*Mechanisms for Monitoring and Evaluating Progress in Reducing Cost of Trade Established*

The project selected ERC as an implementing partner to quantify the costs of trade by working on two pilot studies (import on animal feed and export of pomegranates) to map import and export processes and recommend elimination of bottlenecks for reducing the cost of trade.

An expat advisor was fielded early in the year, who worked closely with ERC to create an action plan to map out trading processes and assess and quantify cost of trade. This was followed by the development of: (i) a methodology/technical approach for quantifying cost of trade and assessing its impact; and (ii) developing various tools for conducting pilot studies including survey questionnaire and analytical tools in support of the methodology (or technical approach).

The capacity of ERC was built through formal training and on-the-Job training in implementing the two pilot studies in to map out trade processes, identify trade bottlenecks, and assess costs of trade. Formal training was provided to ERC on utilizing the methodology (or applying the technical approach) and conducting surveys. In addition, ERC was provided training on the Costs of Barriers to Trade using a Standard Cost Model (SCM) Methodology.

During Q4, ERC, under project guidance, completed the process of mapping for the two pilots studies, assessed the cost of trade, and provided recommendations to streamline import and export procedures and requirements. Public-Private support for eliminating barriers was through direct discussions with stakeholders. In addition, a one hour TV Program on import costs and procedures was organized in September 2011 on ANS TV Channel which will broadcast on October 1, 2011. With the participation of ACT experts, ERC experts and a former Parliament member, the following topics were discussed:

- Legal procedures and requirements
- Gaps and problems in the existing laws
- Costs and barriers of import in the context of import of animal feed
- Negative impacts of existing costs and barriers
- Recommendations to improve procedures, reduce costs and barriers

- Positive effects of proposed solutions
- WTO Accession role and effects to improve procedures, reduce costs and barriers

A program on exports will be completed in early October.

## **Issues\Constraints**

There have been no new impediments during Year 1 that have hindered progress under Component 2. Azerbaijan's WTO accession process can however move faster should the Azerbaijan Government decide to change its WTO negotiations strategy.

In conducting economic analyses for assessing the impact of policy commitments and deeper liberalization, the project was faced with significant difficulties in securing necessary data. Perseverance in working with stakeholders to secure available data in order to validate sound assumptions helped mitigate this issue.

The project planned to assist during Year 1 the launching of Harmonization with key Codex Alimentarius Food Safety Standards. This effort was shifted to Year 2 based on the readiness of counterparts. During Year 1, the GOAJ was busy with preparation of its action plan and therefore agreed to receive direct support from the project's international expert during Year 2. This effort is now planned to start in October 2011 with the approval of the consultant.

## **Planned Activities for the First Quarter of Year 2**

During the first quarter of Year 2, ACT will:

### **Support to GOAJ in Improving the Trade Environment**

#### ***Legal Reform***

1. Continue to support the process of improving the trade environment through monitoring the legislative process and reviewing drafts as they move through the process to ensure they remain consistent with WTO agreements and requirements (please see attached legislative action plan)

#### ***Institutional Reform***

2. Initiate support related to SPS Enquiry and Notification Point
3. Initiate support related to the TBT Code of Good Practice

### ***Sanitary and Phytosanitary Standards Harmonization***

4. Launch process of harmonization with Codex Alimentarius

5. Launch process of harmonization with IPPC

### **Support to GOAJ on Procedures and Mechanics of WTO Accession**

6. Assist in reviewing and commenting on the revised factual summary as produced by the WTO Secretariat
7. Support, attend, and report on the Ninth WTO Working Party and develop action plan for next steps (if it takes place this year)
8. Continue to promote deeper and broader liberalization with regard to goods and services and resolution of policy issues hindering WTO accession
9. Continue awareness seminars and events and update awareness documents

## Component 3: Targeted Agricultural Value Chains Improved

### Accomplishments Highlights in Year 1 in Component 3

During Year 1 the project began working with target sectors to improve competitiveness of Azerbaijani products through support throughout the value chains. This resulted in some initial progress in improvements in the supported subsectors. The following is a summary of overall results<sup>3</sup>:

- **Over 3.3 AZN million in sales** supported through BDS partners and project efforts
- **Over 10% in increase of productivity** across the target sectors
- **99 long term jobs** created
- Over **300 farmers trained** through extension training
- **Over 1000 farmers** in all target sectors reached by training, technical assistance, extension services and market linkages
- Nearly **2 million AZN** in investment made in equipment, new technology application, and packaging

### Sub-sectors with potential for competitive growth:

*Policy makers are using the updated Domestic Resource Cost (DRC) to take important macro level decisions using the information gained in the DRC update*

The project began working early in the year with a consultant to support the update of what was done under the previous USAID PSCEP project and add additional products to the analysis, as outlined in the project SOW. The SOW also called for capacity development of local institutions to support analysis in the future by local organizations. DRC analysis and update through capacity development of local partner institutions was included in the original project Statement of Work (SOW). The consultant began working with both ERC and AAC to provide training and direction on collecting the needed data to conduct the analysis. However, later in the year, the project agreed with USAID that DRC analysis would be conducted for just the aquaculture sector. The initial results have been developed and will be finalized in October.

*Domestic and neighbor country market studies will be published and utilized for firm level decisions*

---

<sup>3</sup> This information was collected from various sources including the BDS partners and project staff. For future numbers, the information will be based on the project's baseline and follow up surveys that are currently being conducted.

By the third quarter the project completed a comprehensive market study on the aquaculture sector to support further investments in the sector such as for processing and feed mills. The study turned out to be the first aquaculture industry research work of this scale. The findings will be used by the industry to further support development of the sector.

### **Improved competitiveness of targeted sectors:**

*Project staff and partner network implementing all activities found within the Sector Action Plans*

The project partnered with five regional business development service (BDS) providers through a competitive bidding process based on target products and regions. In Q4, all five BDS successfully completed implementation of the sector action plans resulting in the overall improvements outlined above. During the course of implementation of the sector action plans, project staff as well as specific sector short-term experts provided BDS with targeted training to increase their expertise in the selected value-chains and thus made BDSs services more competitive and attractive to private sector clients. According to the BDS partners, they have increased their own private sector sales by 20 – 25 % over the past year through the development of new private sector clients that were attracted because of their involvement with ACT project.

*Constraints are recognized and the mitigation strategy is being implemented by actors along the value chains in each of the sectors*

This activity was completed in the first half of the year in development of the action plans. Specific activities and results are outlined below by sector.

*Administrative barriers to trade are identified and policy makers and regulators are taking steps to mitigate them*

This activity was completed in a series of roundtables conducted in the first part of the year. The project continued to bring government and private sector together in several follow up meetings, in particular in the dairy sector. In addition, two aquaculture and one hazelnut associations were formed in Q4 to represent the industries. At the end of the year their official registration was in process at the Ministry of Justice.

*AIM has increased lab usage and developed new strategic and marketing plans to continue to increase its laboratory offerings on a fee for service basis*

The project provided AIM with two trainings on improved methodology on calculation of feed nutrition rations, which helped to improve AIM's consulting services. An initial assessment of the analysis provided by AIM related to its testing was conducted and recommendations

developed for improvement. However, generally, support to build the capacity of the BDS including AIM was pushed to Year 2 and has been included in the approved Year 2 work plan.

*At least 200 farmers, brokers, and traders are accessing the new daily price network and gaining better sales information and market knowledge*

Early in the year the project developed a request for proposals to enlist a local partner to develop and implement a daily price network to support improvements in farmer access to information as directly by the original project SOW. However, later in the year it was agreed with USAID that this activity would not be implemented.

## Value Chain Specifics

The overall focus of efforts in component 3, in addition to improving the provision of extension services currently provided in the country, is on improving incomes and therefore the wellbeing of participants in the target value chains. The project supports improvements all along the value chain starting with the farmer at the cultivation and harvest, up through the cold storage and transportation process, to the processor and then at the final market/consumer. The following includes details on progress achieved in each subsector.

*Farmers and processors will have produced and sold additional products for and into the domestic, neighboring, and EU or US markets at levels indicated in the target indicator section of the Work Plan and firms and farmers in project support will earn more gross income*

## Aquaculture



**ACT teams up with the local carp farm to develop and test new local fish feed.**

### *Inputs including feed*

Feed is one of the biggest constraints to development of the aquaculture sector in Azerbaijan. Local production is limited and imported products are often of poor quality or extremely expensive due to both official and unofficial feeds imposed at the border. Early in the year the project enlisted the support of a local aquaculture specialist to begin developing feed trials. This trial was implemented under a two-phased approach at a small

scale fish farm in Sheki. Phase one included fish feed ratio formulation and the actual

production. Phase two consisted of sample testing of produced feed against the traditional mixes of self-made ingredients prepared by fish farmers. Testing that lasted for a month identified the newly produced feed to be at least twice as effective its feed conversion ratio (FCR)<sup>4</sup> as well as price per kilo of the bodyweight gain using the traditional feed of wheat and barley.

In addition to work in the area of feed, the project began supporting the establishment of several hatcheries, both for trout and carp, to reduce the high mortality rates experienced by farmers currently. With the development of local hatcheries farmers will be able to purchase locally fingerlings for carp and either eggs (if the farmer has his/her own incubator) or fingerlings for trout to reduce current mortality rates of 95% for carp and 40% for trout with current practices. During the year the project also supported several group purchases and import of trout fish eggs. The mortality rate with these imported eggs was less than 5% which should be achievable with local production and introduction of best practices.

### *Improvements at the production and processing level*

As a result of project advice from both technical experts and BDS the following client farms made improvements at their existing facilities or invested in new farms. Total investments in the sector as a direct result of project assistance were **650,000 AZN**. This included the following:

- Over 150,000 AZN was invested in the establishment of a new trout hatchery in the Khachmaz region.
- Approximately 90,000 AZN was spent at the Girkhbulag trout farm in Sheki for the expansion of the production area and to increase the carrying capacity of the raceways.
- Over 200,000 AZN was invested into establishing a new fish pond in Dashkesan, and
- 200,000 AZN was invested at the carp farm (8 ponds altogether) in Neftchala.

These investments along with implementation of other best practices advised by the project resulted in **productivity** improvements in aquaculture (trout and carp) on average by **15%** in Year 1. This is a direct result of implementation by beneficiaries of the project's technical recommendations regarding the introduction of the water re-circulation techniques, targeted feeding and higher yielding hatching practices. In addition, the increases in production and therefore sales resulted in the creation of **14 new direct jobs** in the sector. This included:

- Three jobs in the trout farm and hatchery in the north,
- Two jobs in the trout farm in the northwest,

---

<sup>4</sup> The FCR is in a measure of how much feed is required to grow 1 kilogram of fish. This amount should be as close to one as possible which indicates that the feed is good quality.

- Five jobs in the new carp farm in Dashkesan, and
- Four at the Neftchala carp farm.

### *Markets*

Prior to the current project, a lot of work in the past focused on supporting improvements at the production level with minimal focus on markets. The project has put forth concerted effort to ensure that market linkages are established to further contribute to growth of the sector. Over the past year partner BDS in the north, northwest and in the south have linked the project beneficiaries with distributors, wholesalers and retailers in regional centers and in Baku. As a result, fish farms in these regions made **sales of over 850,000 AZN**. The project will continue to develop linkages in particular in this sector to gain access to new distribution channels and therefore further sales and income.

### *Associations and Advocacy*

Several issues beyond the technical aspects of aquaculture exist hindering additional progress in the sector. Some of these issues affect other sectors being supported by the project like high costs at the border on inputs. However, the project has made a concerted effort to help industry formally organize serving two main purposes. The first is to provide guidance and represent its members through any needed advocacy efforts. The second is to support joint buying and selling relationships.

In the aquaculture sector the project conducted four roundtables in the second and third quarters with key aquaculture industry players where such important subjects as land ownership and registration, maximizing production and best feeding practices were discussed with a total of 90 farmers. As a result of these meetings, the industry players decided to formalize their relationship with the creation of two associations facilitated and supported by the project. Their formal registration is pending with the Ministry of Justice at the time of writing this report. This included:

- The Northwest Aquaculture Association
- The Azerbaijan Aquaculture Association (in the southeast)

In addition to the creation of associations, the project continued its efforts to support greater outreach in the aquaculture sector as part of a larger project endeavor to increase awareness on various subjects including the business environment, trade and agriculture. Earlier in the year, together with international and the local experts, the project supported the taping of a TV show in Zagatala, aired throughout the Northwest regions. The talk show addressed the challenges and opportunities in the aquaculture sector of Azerbaijan.

## Apple, Pomegranate and Hazelnuts

### *Inputs*

The project developed its required PERSUAP document at the end of Q4. Farmers in the horticulture area have a difficult time with proper use of pesticides, fertilizer and other inputs. They often do not apply the appropriate amounts, the right chemicals and/or apply any of these taking into consideration safety concerns. However, pests are always a huge challenge in horticulture. This is no exception for hazelnut, pomegranate and apple growers in Azerbaijan. Both disease and pests should be controlled with an integrated approach using both natural and safe chemical means of ensuring the greatest possible productivity is achieved.

As part of the project's overall environmental compliance, it began developing a PERSUAP document to include recommended strategies to support integrated pest management for each of its target sectors. This was being finalized at the end of Q4. With the support of the same consultant, and as an initial step, an integrated pest management workshop was held for five agronomists (from the partner BDS) in Q4 to help them better understand the concepts and collect additional information on usage of pesticides and other practices for the report. Continued support will be provided in this area based the specific recommendations in the report when it is approved by USAID.

### *Improvements at the production and processing level*

Improvements at the production level are more difficult to achieve in the hazelnut, pomegranate and apple sectors. This is primarily due to the overwhelming majority of trees being older than their current productive cycle (over 30 years). With the introduction of new pruning techniques some productivity gains can be achieved in the shorter term. However, with the replacement of old trees, farmers can increase their productivity substantially. However, this process requires both time (5 years to grow to produce at maximum production levels) and investments (to purchase new trees). The project has therefore focused its efforts on improving what is currently possible in the short-term to introduce better orchard management (which includes integrated pest management) and improvements after cultivation including the use of cold storage, proper materials/packaging and better handling to reduce post-harvest losses (where losses can be up to 40%).

These efforts have resulted in a **3-5 % increase in productivity** this year with supported farmers. In addition, over **1 million AZN in investment** was made in the sector primarily by processors. The following is a list of some of the specific activities that were supported to ensure improvements:

- Conducted training in GAP (Good Agricultural Practices), pest management and post-harvest handling, cold storage operations to over 300 farmers/companies.

- Developed plain language guides with the support of BDS partners on GAP, pest management, and post-harvest handling for hazelnut, pomegranate and apple production.
- Provided cold storage workshop to over 15 cold storage operators, of which, three were selected for pilot implementation support.
- Developed plain language guides on more than 25 fruits and vegetables for cold storage operators.
- Established long term relationship with an Italian aseptic bag packaging supplier, Fresco, to supply pomegranate suppliers with their products. This relationship resulted in the purchase of more than \$120,000 worth of these materials in the past year.
- More than 35 farmers/processors gained access to obtain small loans from financial institutions through project support.

### *Markets*

The efforts described above as well as the facilitation of new export deals of pomegranates and hazelnuts to Canada, Poland, Czech Republic, Italy and Russia resulted in over **1.2 million AZN in sales** and the creation of **85 direct jobs**. In addition to direct support with sales and market linkages the project developed marketing promotional materials for a number of processors (booklets, business cards, logos, brand names, etc.) to help with longer term sales.

### *Associations and Advocacy*

During the year, the project conducted three roundtable discussions in apple, pomegranate and hazelnut sectors identifying key constraints and barriers to growth and possible interventions to mitigate the problems in the sectors. As a result of these discussions, the project began activities related to the formation of a hazelnut producers and processors association, including the development of its name, founders and other relevant documents in support of registering the association. The documentation will be submitted to Ministry of Justice for registration in Year 2. The project will continue working with the other two sectors and will support the formation of additional associations based on agreement from the sector participants.



**PalSud milk processor collecting milk from local farmers in Lankaran region**

## Dairy

### *Inputs including feed*

There are two major constraints facing the dairy sector in terms of inputs. The first is the breeds and breeding practices. They are not the most productive breeds for dairy production. There is also insufficient artificial insemination (AI) happening in the country; inseminators lack the proper skills to perform the inseminations at the level that they should; semen imports are being restricted (unofficially) by the Ministry of Agriculture who has set up its own breeding station; local semen is often of poor quality and further contributes to the lack of advancement in improving the breeds; and there is a lack of knowledge at the farmer level of the importance and benefits of artificial insemination.

AIM (Azerbaijan Information Center) and JAC (Janub Agrobusiness Center), the project's two major partners in the dairy sector, conducted a survey on the quality of AI services. The survey identified villages that already have milk collection and AI services coverage and assessed their quality based on farmer satisfaction. They also identified the villages that need AI services, but do not currently have access to the service. As a result of this effort 14 AI technicians were identified that will receive specialized training on AI practices to perform these services in the villages based on the identified needs. This effort will take place in the first half of Year 2.

In addition to the issue of breeds, other factors affect the achievement of optimal productivity, mainly nutrition. This is the other major constraint in the dairy sector. For the most part farmers have extensive farming practices and feed with basic grains that do not provide adequate nutrition. Feed that is available is of poorer quality and is expensive. As with fish feed, imports of feed for livestock are expensive. Additionally, in Year 1 the project conducted training with the participation of 37 extension agents and specialists on feed management.

The project began its support in Year 1 in this area on education for the farmers and extension providers on both artificial insemination and proper feed. The project will provide additional training for inseminators and work with feed producers to improve their products in the second year.

### *Improvements at the production and processing level*

Through its BDS partners, the project provided, training, technical assistance and information to a total of **860 dairy farmers, milk collection centers, and milk plants**. In addition, **4,800 leaflets and posters** on the advantages of AI and milk quality were prepared and distributed to beneficiaries in the south and central regions.

In an effort to improve training and extension materials of partner BDS, project technical staff, together with an international dairy expert reviewed and revised existing materials to support improvements in the practical advisory services being provided to farmers both through the BDS and other extension staff. To support long term improvements in materials development,

the BDS were trained on the elaboration of plain language guides (posters, leaflets and other promotional materials).

Four farms that are eager to develop dairy farming as a business and willing to function as demo farms were identified by the project in Year 1. Two of the farms are located in Lankaran and two others are in Agjabedi. Technical assistance will be provided to establish these demo farms during the beginning of Year 2. The focus will be on improving barn conditions, preparation of superior feed rations, improving animal nutrition and enhancing breeding techniques.

In order to encourage the use of feed to improve nutrition and therefore productivity, a cost-benefit analysis was completed by the BDS and presented to hundreds of farmers in the southern and central regions. The analysis provided for a view of the impact of the improved feeding on farmer income.

Six workshops on financing were held in the southern and central regions for dairy farmers. The workshops provided farmers with know-how on applying for credit and the economic benefits of financing on potential growth of their farming business.

The project will continue to push for improvements to productivity and greater sales of quality milk to processors in Year 2.

### *Markets*

Over the past year, the project supported market linkages between farmers and processors in the south and central regions. Now 30 tons of milk is being sold daily at 0.25 AZN to processors in new markets. Twenty-one milk collection centers were established by ATENA which receive milk directly from farmers. The project distributed to these farmers technical information materials to support improvements in their productivity.

As a result of efforts to improve productivity and develop linkages, there was a resulting **1.3 AZN million in sales** made over the past year based on the above figures. An average of 30 tons of milk was collected at 0.25 AZN from 21 new milk collection centers each day during the last two quarters as a result of project assistance.

### *Associations and Advocacy*

The dairy sector already has a processors association. However, after meeting with the group several times it was evident that the group does not necessarily properly represent the members of the industry.

Over the past year three roundtables were organized:

- Identifying administrative barriers with the participation of milk processors, input suppliers and local NGOs;

- Improvement of raw milk quality standards through training with dairy processors; and
- Options for Dairy Development with participation of processors and representatives of the government.

The project will continue to support industry efforts to develop minimum quality standards and support its overall industry objectives.

## **Poultry**

Support to the poultry sector was reduced in the middle of the year based on initial discussions with the industry. However, some technical assistance was provided to support improvements at the processing level. This included technical assistance to two poultry companies in farm design and farm management. The project also provided training on poultry disease and prevention methods in two regions for 37 producers and farmers. In addition, training was provided on poultry feeding to 16 poultry producers in 7 regions.

In terms of advocacy efforts, the project conducted one roundtable discussion with the poultry sector regarding administrative and trade barriers. Top management of the following leading broiler companies participated including: Hajigabul broiler, Shurabad broiler, Mardakan broiler, Garagashli broiler, Asena Co and the director of Poultry society. Based on the meeting, the project identified little indication that the industry wanted additional assistance.

## **Compliance with International Standards (HACCP)**

*At least five firms will be moving towards HACCP compliance*

Early in the year, the project enlisted two local consulting companies, Azsertifika and Quality Association, to support efforts to help firms comply with international standards including HACCP (Hazard Analysis Critical Control Point). In addition to the local firms, the project brought on an international expert to build local capacity of these firms through the implementation phase. The two companies each identified 10 potential companies and out of those selected seven. Implementation with an initial eight companies began in Q4. By the end of the project, it is expected that 10 companies will become HACCP compliant of which six will be ready by the end of Year 2.

As part of an overall effort to improve the understanding of food safety hazards, the project also organized a food safety roundtable for 40 women from women associations, other women's issue related organizations and their beneficiaries.

## Organizational Development

Partner BDS organizations have varying degrees of capacity. Early in the year the project, conducted a needs assessment of its BDS providers. Based on the information collected and analyzed, the project planned additional capacity building assistance to ensure their further development. This support will begin in Year 2.

However, in the first year, the BDS partners provided support to other businesses to develop business and strategic action plans for example. This has resulted under this project over the past year in the development over 20 business plans for client firms in the targeted sectors. Based on these plans, several of the companies have received small loans from the State Entrepreneurship Support Fund and commercial banks.

## Improved knowledge of agricultural best practices:

Much of the work in this area in the first year focused on improving delivery of services already provided in the country. However, because the original project SOW called for evaluation and cooperation with three educational institutions including the State Agricultural University in Ganja, the project conducted its initial assessment and created action plans for support. In addition, the project developed a joint work plan with USDA early in the year to convert materials from course materials to extension materials, provide a train the trainer course on HACCP and to translate and disseminate related materials to support improvements in information reaching the farmers.

*New supplements to the selected curricula were added.*

In cooperation with USDA, the project provided an initial training to the Medical University and Azerbaijan State Agriculture University to create/update a practical course on HACCP. The first part of the course was completed in Q4. The rest of the course will be completed during Year 2. Both of the above mentioned universities agreed to provide revised curricula for approval by the Ministry of Education to ensure official inclusion of the HACCP course.

It was agreed with USAID that no additional activity would be supported in the area of formal education. The project will complete the HACCP course training in Year 2 but will not provide any additional support to the universities. However, the project began providing in Year 1 and will continue to provide capacity building support to extension providers and BDS to support improvements in non-formal education in agriculture.

*Teachers are trained in content and teaching techniques, as well as students are taught and performance is measured in the new supplemental courses and students are taught and performance is measured in the new supplemental courses*

It was agreed with USAID that no additional activity would be supported in the area of formal education.

*Farmers, processors, students and teachers have learned new extension services and are implementing them in the field*

The project provided technical assistance on basic farm management to the AIM extension force. AIM has extension service experience with 331 extension agents operating in 24 regions of the country. AIM is an NGO, but owns two LLCs: AIM Training Center and AIM Agroservice. These organizations provide farmers and other organizations with different services on management, as well as marketing in specific agricultural fields. AIM has the lab equipment necessary to analyze water, soil, and feed.

The project extension expert completed two training programs on basic farm management and financial planning in a train-of-trainer format for AIM and Azerbaijan Association of Agricultural Input Dealers (AKTIVTA) extension agents. Project technical experts held four extension style training sessions across several regions on the subjects of adult learning, basic farm management, and simple business plans. The trainings took place in coordination with extension service providers AIM, AKTIVTA, the Janub Agribusiness Center (JAC), GMC, Guba Experiment Station, and the Guba Regional Agro Science Center. Microfinance representatives as well as experts from Access Bank also attended various trainings. In all, approximately 42 trainers and adult students took part. The purpose was to provide participants with hands on materials in a Training of Trainer format. It is expected that each of these trainers will continue to provide this training to a wider audience over time. The project will monitor the number and locations of the trainings over the course of the project life. Trainers are now better informed in the area of basic farm management and essential business planning for small to medium sized farms as a result of these training sessions. Generally, over 100 extension agents were trained under the project during Year 1.

## **Issues\Constraints**

The focus and direction of Component 3 was changed in agreement with USAID midway through the year which delayed the implementation of some activities. However, the project has quickly adjusted and incorporated any pending items into its Year 2 work plan. Shifting focus to providing technical assistance and training resulted in multiple positive outcomes for industry. Increasing the productivity in selected value chains in Component 3 laid a solid foundation to reach out to thousands of farmers throughout the country to encourage adoption of new technologies and best farming practices that will help increase yields and thus sales and incomes yielding benefits to both farmers and other value chain participants.

## Planned Activities for the First Quarter of Year 2

*Market and Other Analysis*—the project will complete, distribute and discuss with policymakers the results of the DRC analysis in the first quarter of Year 2. It will also continue to distribute the aquaculture sector market study as needed.

*Direct Value Chain Assistance*—the project has the following objectives for the **full year working** both with processors and BDS partners:

- Assist at least 10,000 farmers (including 1,000 from year 1), of which at least half will be receiving assistance through BDS partners, in implementing international best practices.
- At least half of those farmers assisted will have adopted best management and technology practices including at the cultivation, harvesting and post-harvest stages.
- Productivity increases in the following increments are targeted: 10% pomegranate, 10% apple, 10% hazelnut, 30% dairy and 25% aquaculture.
- Sales increases from smallholders of at least 10% and income increases of at least 20%.
- Processor capacity utilization will increase resulting in increased sales by 10%, 10%, 10%, 10% and 20% for dairy, hazelnut, pomegranate, apple and aquaculture, respectively.
- Exports will also increase by at least 10% each for hazelnut and apples and 20% for pomegranate.
- As a result of project value chain support efforts, at least 1,000 new jobs will be created.
- At least six processors will be compliant with HACCP standards.
- At least three cold storage facilities will have adopted the recommendations provided by the project and sales will have increased in all supported facilities through better marketing and management.

During Q1, the project will focus on the harvest and introducing techniques to reduce post-harvest handling losses, continue working with cold storage operators to introduce project recommendations and market their services to farmers, continue implementation of HACCP in the initial group of selected companies.

*Extension/Education*—the project plans to explore the development of both a certified extension agent and certified BDS programs. If agreed by a private sector player the project will begin developing these programs to be completed by project end. The project will provide direct assistance to the BDS and other extension providers throughout the project life to build their capacity. In addition, at the beginning of Year 2 the project will specifically focus on building organizational management, financial management, marketing capabilities of the BDS to support reduced dependence on donors. This process of improvements will continue over

the next two years. Direct support will also be provided specifically to AIM to further develop its laboratory services.

*Demonstration Farms*—the project began planning for the development of demonstration farms in each of its sectors in the first year. Locations and participants have already been identified. Over the next six months, the project will develop budgets and identify appropriate funding to begin moving forward. This may be through as a grant in some of the sectors.

*Commercial Bank Support*—the project will continue to support improvements in lending practices and support introduction of new products as applicable to increase outreach to the rural/agriculture sector working with the four partner financial institutions. Specifically, the project expects the banks to be introducing revised forms and procedures early in the year.

## Cross Cutting Activities

### Monitoring and Evaluation (M&E)

The Project ramped up M&E activities in Q3 and Q4 of Year 1 with the hiring of a full-time M&E specialist and the contracting of a short-term expatriate M&E specialist. After careful analysis working closely with project components, it was determined that a revision of the Performance Management Plan (PMP) was necessary and specifically the number of project indicators to be reported upon was reduced from 55 to 25. At the time of writing this report, the PMP was still under revision and in discussion with USAID and therefore the indicator numbers may still change.

In addition to PMP analysis and revisions, the Project also began formal survey work in Q4 to collect baseline data about client farmers. A total sample size of 400 was agreed upon, as it provides an interval (margin of error) of  $\pm 7.6$  with a 95% confidence level. This is broken down by the three sectors as 164 pomegranate farmers, 188 dairy farmers and 48 fishpond operators. The collection of the necessary data was contracted to a local research firm and is expected to continue into Q1 and Q2.

The Project also made preparations to begin surveying processors, but due to time constraints and the need to focus on analysis of past data, processor surveying activities were delayed and are expected to begin in early Year 2. Below are the results for the project indicators in Year 1.

#### PMP – Indicator Table:

Indicators	Data for Quarter 4		Data for Fiscal Year 1		Targets		
	Male	Female	Male	Female	FY1 <sup>5</sup>	FY2	FY3
1-2.1. Number of direct exposures of public education/advocacy <sup>6</sup>	105	17	520	150	670	600	700
1-2.2. Number of indirect exposures of public education/advocacy	2		7		7	14	21
<b>Component 1</b>							
1.1. Implementation of modern risk assessment system in line with international best practices by the Central Bank	No		No		No	Yes	Yes
1.2. Number of people trained in using the outputs of the risk assessment system for banks at the Central Bank	0		0		0	40	40

<sup>5</sup> Targets for Year 1 for 1-2.1, 1-2.2, component 1 and 3.13 and 3.14 are actuals. These indicators were changed or introduced in the revised PMP. Indicators 3.13 and 3.14 had very low targets that have been revised up based on agreement with partner institutions. It did not make sense to create a target at the end of Year 1 therefore the project included actuals for each of these indicators.

<sup>6</sup> Indicators 1-2.1 and 1-2.2 include data collected in both component 1 and component 2.

Indicators	Data for Quarter 4		Data for Fiscal Year 1			Targets			
						FY1 <sup>5</sup>	FY2	FY3	
1.3. Number of people trained with the goal of improving or working more effectively with the business enabling environment	Male	Female	Male	Female		194	100	100	
	23	15	127	67					
1.4. Number of problem banks identified by the risk assessment system at the Central Bank	NA		0			0	2	4	
1.5. Demand deposits placed in banks by households	NA		698.2 million			698.2 million	837.8 million	1.00 billion	
1.6. Number of people completing a project-supported E-learning program on AFL/CFT	0		0			0	200	1,000	
1.7. Number of currency transaction reports sent from reporting entities to the Financial Management Service	NA		188,030			188,030	180,000	200,000	
1.8. Number of suspicious transaction reports sent from reporting entities to the Financial Management Service	NA		18,623			18,623	25,000	20,000	
1.9. Number of cases referred from the Financial Monitoring Service to the appropriate prosecuting authority	NA		10			10	20	30	
1.10. Number of cases referred by the Financial Monitoring Service that result in the initiation of prosecutory proceedings	NA		1			1	1	2	
1.11. Number of government institutions undertaking cost-benefit analysis in line with international best practice standards	0		0			0	2	4	
1.12. Number of business environment laws, regulations, or administrative procedures drafted, submitted for public/stakeholder consultation, submitted for legislative consideration, or passed/ approved	NA		5			5	10	10	
<b>Component 2</b>									
2.1. Number of USG supported training events that relate to improving the trade and investment environment	8		8			8	8	8	
2.2. Number of participants in trade and investment environmental trainings	Male	Female	Male	Female		120	80	100	
	52	16	52	16					
2.3. The number of new requests, offers, revised offers, or other formal text that are submitted by a host country as part of international trade talks attributable to USG assistance	2		9			5	5	5	
2.4. Number of bilateral, plurilateral, and multilateral	<i>bilateral</i>	<i>Plurilateral</i>	<i>Multilateral</i>	<i>bilateral</i>	<i>Plurilateral</i>	<i>Multilateral</i>	5	6	5

Indicators	Data for Quarter 4			Data for Fiscal Year 1			Targets						
							FY1 <sup>5</sup>	FY2	FY3				
meetings toward negotiating accession to agreements, conventions, and international organizations	0	0	0	0	0	1							
2.5.Number of legal, regulatory, or institutional actions taken to improve implementation or compliance with international trade and investment agreements due to support from USG-assisted organizations	<i>approve</i>	<i>draft</i>	<i>submit</i>	<i>approve</i>	<i>draft</i>	<i>Submit</i>	6	6	6				
	1	0	0	1	2	7							
<b>Component 3<sup>7</sup></b>													
3.1.Number of individuals who have received USG supported short-term agricultural sector productivity training	<i>Male</i>		<i>Female</i>		<i>Male</i>		<i>Female</i>		1,000	9,000	12,000		
	752		77		939		118						
3.2.Number of firms receiving USG supported assistance to improve their management practices	<i>Pro</i> <sup>8</sup>	<i>Tra</i> <sup>9</sup>	<i>Deal</i> <sup>10</sup>	<i>Sup</i> <sup>11</sup>	<i>Vet</i> <sup>12</sup>	<i>Pro</i>	<i>Tra</i>	<i>Deal</i>	<i>Sup</i>	<i>Vet</i>	40	40	140
	59	2	1	1	17	59	2	1	1	17			
3.3.Number of firms receiving USG assistance that are compliant with international quality control, environmental and other process voluntary standards or regulations	0			0			0			6	4		
3.4.Number of microenterprises receiving business development services from USG assisted sources	NA			NA			500			1,000	1,000		
3.5.Number of farmers, processors, and others who have adopted new technologies or management practices as a result of USG assistance	NA			NA			500			4,500	6,000		
3.6.Percent change in the yield of targeted commodities as a result of USG assistance	NA			NA			(1) 2% (2) 2% (3) 2%			(1) 5% (2) 30% (3) 25%	(1) 7% (2) 35% (3) 30%		
3.7.Percent change in value of purchases from smallholders of targeted commodities as a result of USG assistance	NA			NA			2%			10%	15%		

<sup>7</sup> Indicators 3.4 -3.12 will be updated in Year 2 based on the baseline and follow up surveys. Anecdotal data is included however under the section dedicated to component 3. This data was collected through staff, BDS partners and other sources to provide a quick view of results in Year 1.

<sup>8</sup> Processors

<sup>9</sup> Traders

<sup>10</sup> Dealers

<sup>11</sup> Input Suppliers

<sup>12</sup> Veterinary Services

Indicators	Data for Quarter 4	Data for Fiscal Year 1	Targets		
			FY1 <sup>5</sup>	FY2	FY3
3.8. Percent change in income as a result of USG assistance	NA	NA	5%	20%	20%
3.9. Percent change in the value of purchases by processors as a result of USG assistance	NA	NA	(1) 10% (2) 3% (3) 3% (4) 3%	(1) 15% (2) 5% (3) 5% (4) 5%	(1) 25% (2) 8% (3) 8% (4) 8%
3.10. Percent change in sales in the following targeted commodities by processors as a result of USG assistance	NA	NA	(1) 10% (2) 3% (3) 3% (4) 3%	(1) 15% (2) 5% (3) 5% (4) 5%	(1) 25% (3) 8% (3) 8% (4) 8%
3.11. Percent change in the value of international exports of the following targeted agricultural commodities as a result of USG assistance	NA	NA	(1) 3% (2) 3% (3) 3%	(1) 10% (2) 20% (3) 10%	(1) 12% (2) 20% (3) 15%
3.12. Number of jobs created as a result of USG assistance	NA	NA	7	2,000	2,500
3.13. Number of new agricultural loans or leasing agreements made by financial institutions receiving project assistance.	1,746	5,417	5,417	10,973	8,431
3.14. Percentage change in the value of agricultural loans or leasing agreements made by financial institutions receiving project assistance.	5.2%	26%	26%	55%	30%

## Coordination with other Donor Projects

In order to support initial discussions with donors, government and other stakeholders to develop a common policy message the project developed what it calls a policy agenda with topics and specific actions for the government to take to improve Azerbaijan's growth in the non-oil sectors. The project distributed this throughout the year. In addition to the policy agenda and to activities explicitly identified in the sections above on cooperation with other donors such as IFC, SDC, GIZ and World Bank, the project continued to support joint activities throughout the year. For example, the project agreed to develop a policy paper for the high-level government forum that was going to take place in October 2011 on policies that hinder the growth of the aquaculture sector in Azerbaijan. Although the forum has been postponed, the paper was delivered in Q4.

The project throughout the year organized and attended various donor coordination meetings on agriculture and trade and business environment topics. In Q4, the project supported the development of an Ambassadorial level discussion on agriculture hosted at USAID. The project will follow up with a working level meeting and the development of an agriculture specific policy agenda early in the first quarter of Year 2.

## Financial Reporting

The table below provides a breakdown of costs by category for Q4 FY 2011 (July 1-September 30, 2011) and FY2011 (October 1, 2010 – September 30, 2011)

Categories	Vouchered July 1 – Sept 30, 2011 (US\$)	Vouchered Oct 1, 2010 – Sept 30, 2011 (US\$)
<b>Technical assistance</b>		
<i>Expatriates (US and TCN):</i> Long-term Technical Assistance	305,690	944,323
<i>Expatriates (US and TCN):</i> Short-term Technical Assistance	948,327	2,481,787
<i>Local Staff</i>	387,848	1,219,901
<b>LTTA Allowances</b>	80,800	226,258
<b>Training Expenses</b>	11,899	41,727
<b>Administrative Expenses</b>		
Travel/Transportation/Housing/Office Rent	370,881	1,106,157
<b>Equipment &amp; Vehicles</b>	88,259	154,446
<b>Other</b> (Communications and Delivery, Bank Charges, Translation/Editing Services, Occasional Labor, Passports and Visas, Local CCN Social Costs, Legal Costs, etc.)	371,863	623,907
<b>G&amp;A</b>	110,331	258,902
<b>Grants</b>	0	0
<b>TOTAL</b>	<b>2,675,898</b>	<b>7,057,408</b>

## Communications and Outreach

During Year 1 the Project implemented the following TV and news outreach activities:

Name	Description\Topic	Attended	Date
"Democrat" newspaper's interview with ACT representative	Elkhan Mikayilov (Trade Environment Component Team Leader) was interviewed by the "Democrat" newspaper on implications of Azerbaijan's accession to WTO for the banking sector.	Mr. Elkhan Mikayilov – Component 2 Team Leader, ACT.	24.02.2011
"Economic Forum" program on ANS TV Topic: <i>Azerbaijan's Accession to WTO</i>	Participants discussed Azerbaijan's accession to WTO, current status, existing challenges and expected outcomes	Mr. Elkhan Mikayilov – Component 2 Team Leader, ACT.	30.04.2011
"Economic Forum" program on ANS TV Topic: <i>Competition Code</i>	Participants discussed the concept of competition	Mr. Eldar Gojayev – Component 1 Deputy Leader, ACT;  Mr. Gubad Ibadoglu – Chairman of the Economic Research Center;  Mr. Nazim Mammadov – Independent expert	28.05.2011 (repeated on 04.06.2011)
Article on ACT training for dairy sector on the web <a href="http://www.gun.az/regions/3132">http://www.gun.az/regions/3132</a>	<a href="http://www.gun.az">www.Gun.Az</a> information agency published an article on "Feeding management" training conducted in the southern region for farmers.		02.06.2011
Program on Aquaculture on Aygun TV (Zagatala) Topic: Perspectives of development of aquaculture	Local and international experts discussed current state of aquaculture, perspective impact of the industry on communities, role of aquaculture association	Mr. Thomas Ort, STTA;  Mr. Sabir Ganizade, local ichthyologist;  Mr. Eyyub Jankayev, fish farmer from Zagatala;  Mr. Yashar Farajov, Component 3 deputy	30.06.2011

Name	Description\Topic	Attended	Date
		leader, ACT	
Article on competition legislation conference hosted by ACT on <a href="http://en.trend.az/capital/business/1905799.html">http://en.trend.az/capital/business/1905799.html</a>	Trend news agency published an article on a conference devoted to principles of progressive competition legislation hosted by the Project.	Government, CSOs, donors and IFIs	15.07.2011
“Economic Forum” program on ANS TV Topic: <i>Administrative Barriers</i>	Local and international expert discussed internal processes of government that have external effects, subjective and objective aspects/legal and illegal, problems in implementation of existing legislation, and misinterpretation or gaps in legislation	Mr. Eldar Gojayev, Component 3 Deputy Leader, ACT  Mr. Chris Hartwell, International expert on administrative barriers	27.08.2011
“After work” program on Azadlig (Liberty) Radio Topic: <i>Competition</i>	ACT expert participated in live radio discussion of competition issues as well as the new competition legislation and its implications	Eldar Gojayev, Component 1 Deputy Leader, ACT  Mr. Vahid Ahmadov, Member of Parliament, Economy Committee Mr.  Mr. Nazim Mammadov, former Member of Parliament, economist, businessman	21.09.2011

## Fixed Price Contracts

The following fixed price contracts were signed in in FY 1 (October 1, 2010 – September 30, 2011).

AR Number	Contract #	Contracted Amount (AZN)	Organization	Value Chain/Subject Area	Region	Period of Performance
62	01	32,546	Business and Innovation Center	Aquaculture market Study	N/A	05 April 2011 - 14 June 2011
66	02	4,120	Azsertifika Consulting firm (phase 1)	HACCP implementation	N/A	12 April 2011 - 20 May 2011
66	03	4,120	Quality Association Public Union (phase 1)	HACCP implementation	N/A	12 April 2011 - 20 May 2011
69	04	12,000	Sabit Bagirov	TV program on trade and investment issues	N/A	27 April 2011- 28 Feb 2012
71	05	26,120	Economic Research Center	Quantifying Cost of Trade and Conducting Impact Assessment of Policy Reforms	N/A	27 April 2011 - 15 Aug 2011
113	06	25,320	Economic Research Center	DRC Lead Firm	Salyan, Neftichala, Sheki, Zagatala, Baku	27 June 2011- 30 Sept 2011
102	07	17,710	Business Innovation Center (BIC)	Implementation of Aquaculture Development Action Plan	Northwest Region	01 July 2011- Sept 2011
107	08	35,995	Business Innovation Center (BIC)	Implementation of Hazelnut Development Action Plan	Northwest Region	01 July 2011 – Sept 2011
112	09	16,985	Azerbaijan Agribusiness Center	DRC Support Firm	Salyan, Neftichala, Sheki, Zagatala, Baku	27 June 2011 - 30 Sept 2011

108	10	17,550	Araz Public Community Humanitarian Investigations	Implementation of Fresh and Processed Pomegranate Development Action Plan	Central Region	01 July 2011 - 30 Sept 2011
104	11	8,000	Janub Agribusiness Center	Implementation of Aquaculture Development Action Plan in the	South Region	01 July - 30 Sept, 2011
106	12	11,674	Janub Agribusiness Center	Implementation of Dairy Sector Development Action Plan	South Region	01 July - 30 Sept, 2011
103	13	4,876	Guba Marketing center	Implementation of Aquaculture Development Action Plan in the	North Region	01 July - 30 Sept, 2011
105	14	27,950	Agro Information Center	Implementation of Dairy Sector Development Action Plan	Central Region	01 July - 30 Sept, 2011
101	15	14,168	Guba Marketing Center (GMC)	Implementation of Fresh and Processed Apples Development Action Plan	Northeast Region	01 July - Sept, 2011

## Annex 1 – Legislative Tracking Trade Environment as of September 30, 2011

\*WTO related but was not listed on the Presidential Action Plan

\*\*Laws for which USAID ACT is providing assistance related to implementation

### At Parliament:

Draft Legislation	Comments
1. Draft Competition Code	Draft Competition Code has passed second reading at Parliament. But, currently President Office is revising draft with close assistance of USAID ACT Project to take into account best international practices and will send updated revised version of draft to Parliament.

### At President Office:

Draft Legislation	Comments
2. Draft Law “On Technical Regulations” **	USAID ACT is working with the President’s Office on improving the Draft to be compliant with new legal requirements. It is expected within a short period of time the President’s Office will send this to the Parliament.
3. Draft Law “On Securing Intellectual Property Rights and Combating Piracy”	Draft Law is being reviewed at the President’s Office level and is expected to be submitted to Parliament in fall.

### At Cabinet of Ministers:

Draft Legislation	Comments
4. Draft Law “On Protection of Rights of Broadcasting Organizations in Digital Network”	In Cabinet of Ministers. No outstanding issues.
5. Draft Amendments to the Law “On Food Products” No.759-IQ dated November 18, 1999**	Draft has been agreed with all agencies except State Committee on Standardization, Metrology and Patents. Once agreed with them draft will be submitted to President Office.

<b>Draft Legislation</b>	<b>Comments</b>
6. Draft Amendments to the Law of the Republic of Azerbaijan “On Sanitary and Epidemiologic Welfare” No.371 dated November 10, 1992	At Cabinet of Ministers. Ready for submission to the President’s Office.
7. Draft Cabinet of Ministers Resolution “On Declaration of Works to be Fallen Into Public Domain”	At Cabinet ready for approval.
8. Draft Cabinet of Ministers Resolution “On Minimum Tariffs for Use of Subject Matters of Related Rights”	At Cabinet ready for approval.
9. Draft amendments to Law on Procurement No. 245-IIQ dated 27 December 2001	Draft at Cabinet. Comments received from ministries and replies are being compiled by SPA.

**At Ministerial Level:**

<b>Draft Legislation</b>	<b>Comments</b>
10. Draft Amendments to the Rules “On Rules of Issuance of Special Permission (Licenses) for Some Types of Activities” approved by Decree of the President No.782 dated September 2, 2002	A legal working group was established to revise this Draft to ensure greater conformity with the WTO Agreement on Import Licensing Procedures. USAID ACT project is participating in this effort.
11. Draft Law amending Law on Standardization*	USAID ACT Project and State Committee on Standardization, Metrology and Patent will work jointly to revise the draft.
12. Draft Law on Accreditation of Conformity Assessment Bodies*	The State Committee for Standardization, Metrology, and Patents is working with USAID ACT Project expert to revise the draft.

## “Second Legislative Action Plan”

### At Cabinet of Ministries

Draft Legislation	Comments
13. Amendments to the Law of Azerbaijan Republic on Commercial Secrets, No. 224-IIQ dated 4 December 2001	USAID ACT Project has reviewed submitted draft and provided comments to Copyright Agency.
14. Amendments to the Law of Azerbaijan Republic on Legal Protection of Topologies of Integral Schemes”, No. 337-IIQ dated 31 May 2002	USAID ACT Project has reviewed submitted draft and provided comments to Copyright Agency.
15. Amendments to the Civil Procedural Code of Azerbaijan Republic No. 780-IQ dated 28 December 1999	USAID ACT Project has reviewed submitted draft and provided comments to Copyright Agency.
16. Amendments to the Criminal Code of Azerbaijan Republic, No. 787-IQ dated 30 December 1999	USAID ACT Project has reviewed submitted draft and provided comments to Copyright Agency.
17. Amendments to the Code of Administrative Offences of Azerbaijan Republic, No 906-IQ dated 11 July 2000	USAID ACT Project has reviewed submitted draft and provided comments to Copyright Agency.
18. Draft Resolution of Cabinet of Ministers on “some issues related to the granting international standard numbers to books, periodic publications, audiovisual works and audio records	Draft being reviewed in Cabinet of Ministers level

### At Ministry of Economic Development:

Draft Legislation	Comments
19. Amendments to the Law on Phytosanitary Control, No. 102-IIIQ dated 12 May 2006	Draft is ready for submission to the Cabinet.
20. Amendments to the Law on Veterinary -	Draft is ready for submission to the Cabinet.

No. 922-IIQ dated 31 May 2005	
21. Draft Law on Anti-Dumping, Safeguards and Countervailing Measures	Draft Law is completed at Ministry of Economic Development (MOED) level with the strong contributions and several reviews of USAID ACT. It is ready to be sent to Cabinet of Ministries.
22. Draft Law on Foreign Trade Activity	Draft Law is ready at Ministry of Economic Development and can be submitted to Cabinet of Ministries.

**At Ministerial Level:**

<b>Draft Legislation</b>	<b>Comments</b>
23. Amendments to the Criminal Procedural Code of Azerbaijan Republic No. 907-IQ dated 14 July 2000	Preliminary draft is being finalized in Patent Office and after finalization will be submitted to Cabinet of Ministers.
24. Draft Resolution of Cabinet of Ministers on Approval of “Rules for determination of the amount of claim related to the violation of the copyright and related rights”	USAID ACT Project is working with agency on preparation of updated revised draft.
25. Draft Resolution on Implementation of Interpretative Notes for Customs Valuation	USAID ACT prepared a model for consideration by the State Customs Committee. Customs indicated that work on this will start after adoption of Draft Customs Code.

## Adopted Legislation

### *Laws*

1. New Customs Code of Azerbaijan Republic, adopted by Parliament on June 24, 2011
2. Amendments to the Law of the Republic of Azerbaijan “*On Normative Legal Acts*” No. 761-IQ, dated November 26, 1999
3. Amendments to the Law “*On Currency Control*” No. 910, dated October 21, 1999 (A)
4. Amendments to the Law “*On State Duty*” No. 223-IIQ, dated December 4, 2001
5. Amendments to the Tax Code of the Republic of Azerbaijan, approved by the Law of the Republic of Azerbaijan No.905-IQ, dated July 11, 2000
6. Amendments to the Law of the Republic of Azerbaijan “*On Copyright and Related Rights*” No. 115-IQ, dated July 5, 1996
7. Amendments to the Law of the Republic of Azerbaijan “*On Viticulture and Wine-Making*” No. 208-IIQ dated October 19, 2001
8. Draft Amendments Law of the Republic of Azerbaijan “*On Customs Tariff*” No.1064, dated June 20, 1995
9. Draft Amendments to the Law of the Republic of Azerbaijan “*On Trademarks and Geographical Indications*” No. 504-IQ, dated June 12, 1998
10. Draft Amendments to the Law of the Republic of Azerbaijan “*On Tobacco and Tobacco Products*” No. 138-IIQ dated June 8, 2001
11. Draft Amendments to the Law of the Republic of Azerbaijan “*On Patents*” No.312-IQ dated July 25, 1997

### *President Decrees*

12. Draft Amendments to President Decree 619 of December 26, 2001
13. Draft Amendments to Decree of the President “*On Further Liberalization of Foreign Trade in the Republic of Azerbaijan*” No.609 dated June 24, 1997

### *Sublegal Acts*

14. Amendments to the Resolution of the Cabinet of Ministers “*On Rates of Customs Duties for Import and Export Transactions and Amount of Fees Charged on Customs Clearance in the Republic of Azerbaijan*” No.80 dated April 12, 2001
15. Amendments to the Resolution of the Cabinet of Ministers “*On the Rates of State Fees on Issuance of Special Permissions (Licenses) for Activities Requiring Special Permissions (Licenses)*” No.180 dated 18 November 2002
16. Amendments to the Resolution of the Cabinet of Ministers “*On the Rules for Customs Valuation Methods for Goods Imported into and Exported out of the Republic of Azerbaijan*” No.7 dated January 12, 1998
17. Amendments to the Resolution of the Cabinet of Ministers “*On Approval of the Rules of Determination of Origin of Goods*” No.202 dated November 2, 2000
18. New Resolution of the Cabinet of Ministers “*On Rules on Determination of the Minimum Amount, Distribution and Payment of the Author’s Royalty for Reproduction of Works and Audiovisual Works from Phonograms for Exclusively Personal Purposes*”

19. Draft Amendments to Cabinet of Ministers “On Rates of Fees Paid for Currencies Taken of the Republic by Resident Physical Persons” No. 79 dated 17 May 2002
20. Draft Amendments to Resolution No. 140 “On Approval of Additional Rules and Regulations for the Purpose of Protection of the State Border of the Republic of Azerbaijan” dated March 9, 1993
21. Cabinet of Ministers Order establishing National Codex Point was adopted
22. Decision of State Committee for Standardization, Metrology, and Patents on Establishing TBT Enquiry Point was adopted

Other Related Laws (not on agenda):

23. Law on Ecologically Clean Agriculture No. 650-IIIQ dated 13 June 2008
24. Law on Special Economic Zones No. 791-IIIQ dated 14 April 2009
25. Amendments to the Law on Public Procurements No. 245-IIQ dated 27 December 2001 (concerning establishing an official website on public procurement) – adopted as one of the seven laws considered as package for combating corruption

## Annex 2 – Capacity Building

Component	Name of the training	Type of Training (workshop, seminar, conference)	Start date	End date	Training provider name	Training provider's address	# of participants - Female	# of participants - Male
1	Competition Code	Seminar	15-Dec-10	15-Dec-10	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan		
1	Cybercrime and CERT Legislation	Seminar	17-Dec-10	17-Dec-10	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan		
1	E-commerce taxes	Seminar	22-Dec-10	22-Dec-10	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan		
1	E-commerce public-private dialogue	Workshop	29-Dec-10	29-Dec-10	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan		
2	Services Subsidies and MODE under GATS	Roundtable	21-Jan-11	21-Jan-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan		
2	GATS negotiation	Roundtable	19-Jan-11	19-Jan-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan		
1	Investment Law and a State Investment Promotion Agency	Workshop	21-Jan-11	21-Jan-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan		
3	Interactive learning seminar in Azerbaijan State Agriculture University in Ganja	Seminar	26-Jan-11	26-Jan-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan		
2	GATS Negotiations	Workshop	19-Jan-11	19-Jan-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	3	3
2	Services Subsidies and MODE 4 under GATS	Workshop	21-Jan-11	21-Jan-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	6

Component	Name of the training	Type of Training (workshop, seminar, conference)	Start date	End date	Training provider name	Training provider's address	# of participants - Female	# of participants - Male
2	Financial Services: Direct Bank Branching	Workshop	21-Jan-11	21-Jan-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	2
2	WTO Accession Experience of Recently Acceded Countries	Conference	17-Feb	17-Feb	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	11	22
2	WTO Accession Experience of Recently Acceded Countries	Conference	18-Feb	18-Feb	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	9	21
1	AML\CFT Red Flags/Typologies	Workshop	14-Mar	15-Mar	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	3	17
2	GATS Energy Services	Workshop	27-Mar-11	27-Mar-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	5
2	GATS Energy Services	Workshop	29-Mar-11	30-Mar-11	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	3
2	Protection of domestic market, and application of trade remedies	Workshop	5-Apr	5-Apr	ACT Project	135 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	6
1	AML best practices	Seminar	18-Apr	22-Apr	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	8
2	New Provisions of the Draft Customs Code Incorporating International Standards and Trade Facilitation Measures	Workshop	20-Apr	21-Apr	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	2
2	Domestic market harm and application of trade remedies	Seminar	21-Apr	21-Apr	ACT Project	137 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	11

Component	Name of the training	Type of Training (workshop, seminar, conference)	Start date	End date	Training provider name	Training provider's address	# of participants - Female	# of participants - Male
3	Overcoming admin barriers in aquaculture	Seminar	27-Apr	27-Apr	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	30
2	Draft Customs Code and WTO requirements with Government bodies	Workshop	27-Apr	28-Apr	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	6
2	Protection of domestic market, and application of trade remedies	Workshop	28-Apr	28-Apr	ACT Project	136 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	7
2	Domestic market harm and application of trade remedies	Seminar	28-Apr	28-Apr	ACT Project	138 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	7
3	Adult Learning and Farm Management	Workshop	28-Apr	29-Apr	ACT Project	139 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	18
3	Aquaculture association	Seminar	29-Apr	29-Apr	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	25
3	Adult Learning, Farm Management and basic Business Planning	Workshop	5-May	5-May	ACT Project	134 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	18
3	Aquaculture association	Seminar	9-May	9-May	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	18
3	Adult Learning, Farm Management and basic Business Planning	Workshop	11-May	12-May	ACT Project	135 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	14
3	Food Safety measures for women	Seminar	11-May	12-May	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	30	4

Component	Name of the training	Type of Training (workshop, seminar, conference)	Start date	End date	Training provider name	Training provider's address	# of participants - Female	# of participants - Male
1	AML\CFT typologies, Red Flags, AML\CFT risks	Conference	16-May	20-May	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	18	12
3	Adult Learning, Farm Management and basic Business Planning	Workshop	17-May	18-May	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	5	15
3	Feeding management	Workshop	24-May	25-May	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	18
3	Cold Chain	Workshop	27-May	27-May	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	14
1	AML\CFT typologies, Red Flags, AML\CFT risks	Seminar	31-May	3-Jun	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	9	10
1	AML\CFT typologies, Red Flags, AML\CFT risks	Seminar	1-Jun	1-Jun	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	8	13
3	Feeding Management Training	Workshop	2-Jun	3-Jun	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	19
1	AML\CFT KY C procedure, assets freezing, wire transfer	Seminar	2-Jun	3-Jun	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	4	11
1	7th Annual ACAMS Anti-Money Laundering and Counter-Terrorism Financing	Conference	5-Jun	7-Jun	The Association of Certified Anti-Money Laundering Specialists	Brickell Bayview Centre , 80 Southwest 8th Street, Suite 2350, Miami, FL 33130 USA	2	0
1	AML\CFT typologies, Red Flags, AML\CFT risks	Workshop	8-Jun	10-Jun	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	13	13

Component	Name of the training	Type of Training (workshop, seminar, conference)	Start date	End date	Training provider name	Training provider's address	# of participants - Female	# of participants - Male
1	Management and Structure of AML/CFT compliance in banks, Sources of illegal money & ML schemes and Cases relevant to Banks, Terrorist Financing	Seminar	8-Jun	17-Jun	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	8	19
3	Fish feed formulation and feeding practices	Seminar	16-Jun	16-Jun	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	24
1	Cost Benefit Training - Queens College, Canada	Short Course	20-Jun	20-Jun	Queens College	Kingston, Ontario, Canada. K7L 3N6	1	1
1	Main Principles of Progressive Competition Legislation	Conference	15-Jul	15-Jul	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	6	28
2	Assessing the Impact of Excise Tax Harmonization on Revenue and Production in Azerbaijan A Product-by-Product Approach	Seminar	9-Aug	9-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	3	9
2	Assessing the Impact of Excise Tax Harmonization on Revenue and Production in Azerbaijan A Product-by-Product Approach	Seminar	9-Aug	9-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	4
2	Assessing the Impact of Eliminating VAT Exemption on Domestic Agricultural Producers and Revenue in Azerbaijan	Seminar	10-Aug	10-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	3	9
2	Assessing the Impact of Eliminating VAT Exemption on Domestic Agricultural Producers and Revenue in Azerbaijan	Seminar	10-Aug	10-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	4
2	Assessing the Impact of the Elimination of Export Duties on Revenue and Production in Azerbaijan A Product-by-Product Approach	Seminar	10-Aug	10-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	4

Component	Name of the training	Type of Training (workshop, seminar, conference)	Start date	End date	Training provider name	Training provider's address	# of participants - Female	# of participants - Male
2	Assessing the Impact of the Elimination of Export Duties on Revenue and Production in Azerbaijan A Product-by-Product Approach	Seminar	11-Aug	11-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	3	9
3	Poultry Bio-Safety, Disease Prevention, Poultry House Design, Equipment Usage, Feed Rations	Workshop	16-Aug	16-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	3	15
3	Poultry Bio-Safety, Disease Prevention, Poultry House Design, Equipment Usage, Feed Rations	Workshop	18-Aug	18-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	15
2	Assessing the Impact of Tariff Liberalization on Priority Goods in Azerbaijan	seminar	19-Aug	19-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	3	9
2	Assessing the Impact of Tariff Liberalization on Priority Goods in Azerbaijan	seminar	19-Aug	19-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	4
2	Assessing the Impact of Excise Tax Harmonization on Revenue and Production in Azerbaijan A Product-by-Product Approach,(2) Assessing the Impact of Eliminating VAT Exemption on Domestic Agricultural Producers and Revenue in Azerbaijan	workshop	25-Aug	25-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	0	5
2	Assessing the Impact of the Elimination of Export Duties on Revenue and Production in Azerbaijan A Product-by-Product Approach,(2) Assessing the Impact of Tariff Liberalization on Priority Goods	workshop	26-Aug	26-Aug	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	4
2	WTO Services negotiations on Communication sector	workshop	7-Sep	7-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	3

Component	Name of the training	Type of Training (workshop, seminar, conference)	Start date	End date	Training provider name	Training provider's address	# of participants - Female	# of participants - Male
2	WTO Services negotiations on Maritime services	workshop	7-Sep	7-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	4
2	Food safety HACCP Application	workshop	8-Sep	8-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	6
2	WTO Services negotiations on Distribution sector	workshop	8-Sep	8-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	3
2	WTO Services negotiations on Education/Health sector	workshop	8-Sep	8-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	4
2	WTO Services negotiations on Insurance sector	workshop	8-Sep	8-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	5
2	Food safety HACCP Application	workshop	9-Sep	9-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	5
2	WTO Services negotiations on Accounting and legal sector	workshop	9-Sep	9-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	2	3
1	AML\CFT typologies, Red Flags, AML\CFT risks	Seminar	12-Sep	16-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	11	10
2	Food safety HACCP Application	workshop	12-Sep	12-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	6
1	AML\CFT typologies, Red Flags, AML\CFT risks	Seminar	23-Sep	23-Sep	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	4	13

Component	Name of the training	Type of Training (workshop, seminar, conference)	Start date	End date	Training provider name	Training provider's address	# of participants - Female	# of participants - Male
3	Preparation of Plain Language Guides (Leaflets and Posters)	Workshop	29-Sep	30-Sep	ACT Project	134 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	8
2	Assessment food safety requirements of AZ with the compliance of EU standards( possibility expert of dairy, fish, fruits and vegetables)	Workshop	Apr 2011	Apr	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	3	4
3	Implementation of HACCP standards	Workshop	March 15,2011	March 17,2011	ACT Project	134 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	1	14
2	AMCHAM in relation to the New Draft Customs Code and further explanations of DCC	workshop	May 2011	May 2011	ACT Project	133 Bashir Safaroglu str. SAT Plaza, 15th floor Baku, AZ1009, Azerbaijan	7	11

202

616