



“Umid” Support to Social Development

FY2011 Q2 Report

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

COOPERATIVE AGREEMENT: No. AID-112-A-09-00003

DATE OF AGREEMENT: October, 2009

*Prepared for: USAID Technical Office
Address: 83, Azadlıq Avenue
AZ1007 Baku, Azerbaijan*

*USAID Payment office
Address: Office of Financial Management
USAID/Caucasus Georgia
11, George Balanchine Street
Tbilisi 0131 Georgia*

*Prepared by: “Umid” SSD
7a, A. Javad str., Baku, Azerbaijan
P.O. AZ1138*



*Baku, Azerbaijan
April, 2011*

Content:

List of Acronyms:.....3

1. Executive Summary4

2. Program Overview.....5

3. Program Activities and Impact Analysis6

3.1. Working with communities.....6

3.2. Establishment of MCP.....9

3.3. Monitoring and Mitigaiton PPlan10

3.4. Collaboration with local government, businesses, LNGO and INGOs.....10

4. Sector analysis.....11

5. Future plans:.....13

6. Challenges faced and addressed13

7. Success story:.....13

List of Acronyms:

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

1. Executive Summary

Program Overview	Target area
<p>GOAL: Increased skills and sustainable income of small-scale dairy farmers.</p> <p>OBJECTIVES:</p> <ul style="list-style-type: none"> To establish new Milk Collection Points in interested and motivated communities ; To increase the quality and quantity of milk sold to Milk Collection Points ; To link local dairy farmers to support services and milk processors ; To enhance the capacity of private husbandries and dairy farmers. <p>EXPECTED OUTCOMES:</p> <ul style="list-style-type: none"> 20% increase in raw milk supplied to targeted collections points and processors ; 20% decrease in bacteria count at collection points resulting in processors receiving better quality milk ; 20% increase in farmers receiving credit ; 30% increase in market knowledge among farmers in target areas ; 2 official or unofficial dairy farmer associations created in target regions. <p>COMMITMENTS OF THE REPORTING PERIOD:</p> <ul style="list-style-type: none"> Identification of 2 target communities; Provision of training and consultation sessions in 7 target communities; Improvement of project proposal in 3 communities and its approval; Signing of contracts with 2 communities on installation of MCPs; Installation of MCPs in 3 communities and preparations for installation in 4 communities; Organization of meetings with Support Centres and creating linkages 	<p>Yevlakh, Samukh, Shamkir, Goy-gol, Goranboy, Ujar, Kurdamir</p>  <p>Target Areas:</p> 
Activities implemented during the reporting period:	Photo Summary
<ul style="list-style-type: none"> 2 target communities were specified and selection of target communities under the project was finalized; For capacity building of target groups 5 training and 6 consultation sessions were delivered in 6 communities; 3 MoUs were concluded on collaboration of Support Centres (SCs) with communities and 2 coordination meetings were held; 3 communities submitted Project proposals on installation of MCPs; MMP and IEE were developed and approved by USAID; 4 lateral agreements were concluded between ‘Umid SSD’, ‘Kristal-CM’ LLC, communities and municipalities on installation of MCP in 3 communities; Installation of MCPs launched in 2 communities; To define milk volume being sold in target communities and state of usage of credits, information was collected in 5 communities; Collaboration continued with governmental authorities and other bodies relevant to the project 	 <p>Identification of target communities</p>
Plan (for the next quarter)	Quotation
<ul style="list-style-type: none"> Continue delivering trainings and consultations in 7 target communities; Development and approval of project package in selected 3 communities; Installation of MCPs in 4 communities and doing preparatory works in 3 communities; Signing of 3 contracts on collaboration with MPFs and target communities; Continue collaboration with Support Centres; Arrangement of activity of installed MCPs and support to their management 	<p>Realization of this project will enable me to expand my business via selling more milk</p> <p>Chattayeva Gulustan Nematabad community member</p>
Challenges faced and addressed	
<ul style="list-style-type: none"> Chiefs of ExComs of Shamkir and Yevlakh regions did not provide proper support to implementation of projects in Saritapa and Nematabad communities. Meetings were held with Heads of 2 regions and parties came to an agreement. 	

2. Program Overview

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

Target area of the project is communities around Ganja region (Yevlakh, Samukh, Goranboy, Shamkir and Goygol regions). Also, farmers of Kurdamir and Ujar regions who have appreciable potential in dairy sector will be supported under the project.

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

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

Objective 1: Awareness of producers of dairy products;

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

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

The project activities and effective project performance will be reflected in:

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

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

3. Program Activities and Impact Analysis

3.1. Working with communities

In accordance with project goals and components, project staff and community liaisons carried out several activities in target communities. These activities covered:

- Holding meetings in newly selected target communities;
- Arrange meetings with representatives of SCs and milk producers,
- Information collection on volume of milk sale and on opportunities of using credits,
- Delivering trainings and consultations, etc.

Selection of new target communities and commencing collaboration

Under the project, awareness raising activities were carried out in 50 communities of 7 regions. One community was selected from each region and activities are under processing in these communities. Notwithstanding one community from each region was selected, framers of neighboring communities are envisaged to benefit from the project. Thus, farmers of neighboring communities are invited to events held under the project.

During the reporting period, 2 new communities from Kurdamir and Ujar communities were identified to start collaboration. Information dissemination activities were realized in 6 communities of Kurdamir region and 8 communities of Ujar region, 'Letter of Interest' were received from communities and all information on communities were analyzed. Database on each community was established. 3 communities from Kurdamir region and 2 communities from Ujar region were identified and submitted to the Selection Commission.

To specify target communities, on February 10th, 2011 Selection Commission held its subsequent meeting in Ganja regional office of Umid SSD.

During the meeting, connection via selector was created with USAID's Baku office .USAID's representative Ms. Aytan Gahramanova directly followed selection and evaluation process via selector.

Selection Commission consisting of 6 people from Umid SSD and representatives of target communities delivered information on 'Community Based Support to producers of Dairy products' project and activities implemented under the project as of date.



After responding to related questions of commission members, database developed in

N	Commission members	Embodied organization or community
1	Ahmad Aliyev	Umid SSD
2	Aflatun Verdiyev	Umid SSD
3	Zohrab Zohrabov	Umid SSD
4	Soniya Ridvanova	Nematabad community
5	Urfət Hasanov	Veyisli community
6	Sahib Abbasov	Seyidlar community

compliance with survey blanks and assessments, as well as criteria were given out to them.

Information on each community was analyzed and commission members evaluated each community. All results were combined and as per Commission’s

decision Garabujag community of Kurdanir region and Bargushad community of Ujar region were specified as target communities. After selections, awareness raising meetings were held in Bargushad and Garabajuag communities on commencement of collaboration with the participation of project staff, milk producers, farmers, local representatives of ExComs, municipality heads, CG leaders and farmers of neighboring communities who are engaged in cattle-breeding. A total of 60 people including 17 women attended the meetings.



On behalf of the community, Alovsat muallim made a speech and stated the essence of the project. He noted that, after realization of the project, women will be released from taking milk and dairy products to markets. And it will enable them to engage with household works and to have much more leisure time.

To define community liaisons, as per decision of CG’s meeting, candidacy of 3 persons was submitted. After general evaluations, community liaisons were identified, too.

Enhancement of community Skills, Knowledge and Information dissemination

To increase quality and volume of milk produced in communities and for capacity building of milk producers, training and consultation sessions were provided, information was delivered on support centers operating in the area and booklets were given out to participants.

Creating linkages with Support Centers



To strengthen linkages and collaborate with SCs, MoU was concluded between ‘Gizil yem’ production enterprise located in Ganja and Mollajalilli community of Goygol region, Veyisli community of Goranboy region, Seyidlar community of Samukh region. MoUs reflected commitments and liabilities of parties and

collaboration terms, identification of needs for feed, providing consultations on proper usage of feed, arrangement of feed sale in communities, etc.

During the reporting period, meetings were held with ‘Gizil yem’ production enterprise and Artificial Insemination Centre of AR with participations of head of ‘Gizil yem’ enterprise Mr. Alovzat, chief specialist of AI Centre Mr. Mubariz and 18 community members (including 2 women).

To develop linkages between farmers and lending institutions and improving access to credits, meeting was held with milk producers, owners of private husbandries of Seyidlar community of Samukh region and credit organizations. Representative of ‘Azari star Microfinance’ organization R. Baghirov, A. Ilyasov from Finca Azerbaijan, specialist on property assessment M. Abadov and 27 community members attended the meeting.

During the meeting tangible information on credit portfolios, credit terms were provided for participants and related questions were responded. To collaborate in future, contact information of organizations were given out and it was decided to cooperate. Besides, 257 booklets on 5 topics, developed under the project, were given out to attendees.

Delivery of Training and consultation sessions

Within the reporting period, training and consultation sessions were provided to milk producers in target communities.

5 training sessions on 3 topics (‘Arrangement and management of feeding of milking cows’, Arrangement and management of veterinary services’, ‘Arrangement and management of cattle keeping conditions’) were delivered in Saritapa, Mollajalilli and Bargushad communities. In sum, 89 people including 16 women attended the training sessions.



The table below details information on training sessions being provided:

Date	Venue	Topic of training	# of participants	Women	Men
21.01.2011	Saritapa community, Shamkir region	Feeding milking cows	22	9	13
04.02.2011	Mollajalilli community, Goygol region	Feeding milking cows	16	0	16
17.02.2011	Saritapa community, Shamkir region	Arrangement and management of veterinary services	23	5	18
04.03.2011	Mollajalilli community, Goygol region	Arrangement and management of veterinary services	13	0	13
08.04.2011	Bargushad community, Uja region	Arrangement and management of cattle breeding and keeping conditions	15	2	13
Total:			89	16	73

Furthermore, 6 consultation sessions were held with the newly selected community liaisons on registering as physical persons by tax offices and State Social Protection Fund and opening of private bank account.

3.2. Establishment of MCP

Project proposals were developed and approved on installation of MCPs in 3 communities (Veyisli, Nematabad, Seyidlar). Four-lateral agreements were concluded between Umid SSD, service provider- ‘Kristal CM’ LLC municipalities and CGs of Veyisli, Nematabad and Seyidlar communities with the participation of community members on the issue of construction of MCP.



Nematabad community:

An agreement on installation of MCP was signed with the participation of Umid SSD’s project staff, representative of ‘Kristal-CM’ LLC T. Aliyev, Chief of Nematabad municipality S. Abbasov, CG leader S. Ridvanova and 22 community members (including 10 women)

Construction of MCP in Nematabad community has already launched. Protecting fence, water, electric lines, waste-water treatment system and a container encompassing chilling tank and laboratory were installed. At present, installation is under completion and planting of trees are under possessing.



Veyisli community:

Several modifications were made in the contract being signed with the community and service provider on installation of MCP (taking into account the indicated prices with present prices), and in accordance with consent of parties amendment to contract was made.

Construction of waste-water treatment system and protection fence has completed. At present, works on installation of water and electric lines are under processing.

All activities under the project are executed pursuant to ‘Monitoring and Mitigation Plan’ developed for MCPs and approved by USAID, Umid SSD’s Guideline on ‘Procurement of Micro-projects’, safety rules of BP as well as relevant legislation of Azerbaijan Republic.

During installation process, together with Umid SSD’s representatives, BP’s specialists (Project Coordinator, Engineer and Project Specialist) made a visit to project site, monitored implementation progress and gave proper recommendations.

Seyidlar community:

A meeting was held in Seyidlar community of Samukh region on signing agreement on installation of MCP with participation of Umid SSD's project staff, representatives of 'Kristal- CM' LLC, Seyidlar Municipality head R. Asadov, local representative of ExCom T. Asgarov, CG Leader F. Imanov as well as 14 community members. At present installation process has already commenced in the community.

3.3. Monitoring and Mitigation Plan

In compliance with project undertakings, it's envisaged installation of 6 new MCPs in 6 communities of 7 regions and modernization of 1 existing MCP. For this, appropriate documentations were done on installation of MCPs in 4 target communities (Veyisli, Seyidlar, Nematabad and Saritapa) selected in project year 1. During development process of 'Monitoring and Mitigation Plan', discussion sessions were held with USAID. 'Monitoring and Mitigation Plan', encompassing 4 MCPs, to be installed in 4 target communities, has already been approved by USAID. The document details explanation of installation works, actions to be taken to mitigate potential harms to environment during installation and operation of MCPs.



3.4. Collaboration with local government, businesses, LNGO and INGOs

To address challenges faced during project implementation, organization of different meetings, events collaboration, collection and dissemination of information continued with the organizations active in the region. To provide information on event to be conducted on installation of MCP and inviting Chief of ExCom, a meeting was held with Chief of Social Political Department of Yevlakh region ExCom, Deputy Head of Samukh region ExCom Mr. T. Garayev and Chief of Political-Public Department Mr. A. Ahmadov, Head of Shamkir region ExCom N. Veysov and first Deputy T. Mammadov. During the meeting comprehensive information was delivered on the project activities to be realized and lively discussions were held.

Due to problem related to implementation of project and installation of MCP in Saritapa community of Shamkir region, on March 28, 2011 a meeting was held with Deputy head of Shamkir region ExCom M. Masimov, Head of ExCom N. Veysov. Tangible information on activities realized up to date was provided and 3 letters reflecting project commencement, identification of target community and further phases were submitted to ExCom.

Chief of ExCom advised installation of MCP in Mollajaili community and promised to provide all possible support to the implementation. But taking into consideration active participation and interests of Saritapa community members, in selection and evaluation of communities, Executive Director of Umid SSD I. Isgandarov and Program Director R. Guliyev held meeting with Chief of ExCom and achieved possible solution.

With regard to commencement of collaboration with newly selected 2 communities, official letters were submitted to ExComs of Kurdamir and Ujar regions.

Upon request of Chief of Political-Public Department of Ganja city Excom Mr. A. Baghirov, a meeting was held and all-round information on activity of Umid SSD's Ganja office, implemented projects, particularly ongoing 'Community based Support to Producers of Dairy Products' project was delivered. Mr. Baghirov stated that information on completion of projects, achieved successes, and that outcomes and challenges faced would be very educative for future collaboration.

Bilasuvaragro LLC's representative made visits to Nematabad community of Yevlakh region, Veyisli community of Goranboy region and Seyidlar community of Samukh region and held meetings and discussions with community liaisons on planning activities of MCPs to be installed, specification of milk collection mechanism, etc..

A meeting was held with E. Sofiyev, representative of Sibley organization - a partner in 'Competitiveness and Trade' Project implemented with funding from USAID. Discussions were held on collaboration opportunities under the project. Mr. Sofiyev stated that within the project it's envisaged providing technical support to NGOs, state and other public bodies.

4. Sector analysis

Legislation

Pursuant to mutual agreement achieved with Azerbaijan Government (Eastern Partnership Program), European Commission envisages identification of cattle (neat). For this, together with relevant departments of Veterinary Services specialists of European Commission have launched activities related to improvement of legal base.

In subsequent phases, pilot region will be selected and practical identification of cattle will be realized in this region. Registration of cattle (i.e. number of cattle) will enhance effectiveness of activities to be realized on development of cattle-breeding by state bodies.

Governmental political actions

Activities on development of veterinary sector are under realization by government. Administrative buildings of regional veterinary services are rehabilitated, new buildings are

constructed, and equipment and material technical base of services are modernized. Reconstruction of 30 new village focal points is planned to be realized. State program includes training of veterinary personnel and supporting development of private veterinary services. In accordance with information of State Veterinary Service, cattle of farmers will be registered by village veterinarians and in mass death cases some part of losses of farmers will be compensated by government.

Production

Transferring from extensive milk production method to intensive method is gradually upgrading. In Central Aran, to enhance quantity of received milk, processing facilities enable their customers to receive credits with low interest rates. Cattle purchased by credit will be insured, population will be provided with financial support on stocking feed. Notwithstanding to financial support, farmers face with difficulties in purchasing high productivity milking cows. Cattle offered to market are local species and have low productivity indicators.

In compliance with mass media (www.apa.az), producers increased prices by 14% in comparison with the same rates in 2009 in agrarian sector. This increase comprised by 2.5% in January-February, 2011 only. Although services provided are of low quality, assortments are few. Abundance of cash money in market causes ungrounded increase of prices.

Production is consisted of mainly numerous, small sized households. This is main occupation which meets daily demand of population in rural areas.

Big processing plants collect unsatisfactory quantity of milk from wide areas and for this they stopped functioning. Ineffective collection tools and mechanisms not only help increase milk collection expenses but also production costs and, as a result, bring down competitiveness of finished product. .

Market

Consumer market is consisted of formal and informal participants, and for this, competition environment is under creation. But still informal market prevails in the market.

1 liter of ready milk offered by processing facilities in market cost between 1.35-1.80 AZN. But in informal market, these prices vary between 0.80-1.00 AZN and, evidently as per consumer, the milk is fresh. State Service on Control over Consumer Market regularly conducts monitorings of trade centers and shelves out expired products.

But in informal market, no control is instituted over quality of produced milk and dairy products. Nonetheless, there's qualified infrastructure in trade centers on milk refrigeration and

transportation, however, in informal market this conditions has not been established yet. Together with domestic products imported milk and dairy products are offered in market.

5. Future plans:

- Continue delivering trainings and consultations in 7 target communities;
- Develop and approve project proposals in selected 3 communities;
- Installation of MCPs in 4 communities and doing preparatory works in 3 communities;
- Conclude 3 contracts with target communities and MPFs on collaboration;
- Organize meetings and creation of linkages with SCs;
- Arrange installation of MCPs and support to its management

6. Challenges faced and addressed

Chiefs of ExComs of Shamkir and Yevlakh regions did not provide proper support to implementation of projects in Saritapa and Nematabad communities. Executive Director and Program Director of Umid SSD subsequently held meetings with heads of 2 regions. Chiefs of ExComs recommended installation of MCP in other community of Shamkir region and improvement of existing MCP operating in Yevlakh region. Although it was not easy, , the parties came to an agreement.

7. Success story:

'Community based Support to Producers of Dairy Products' project enables farmers

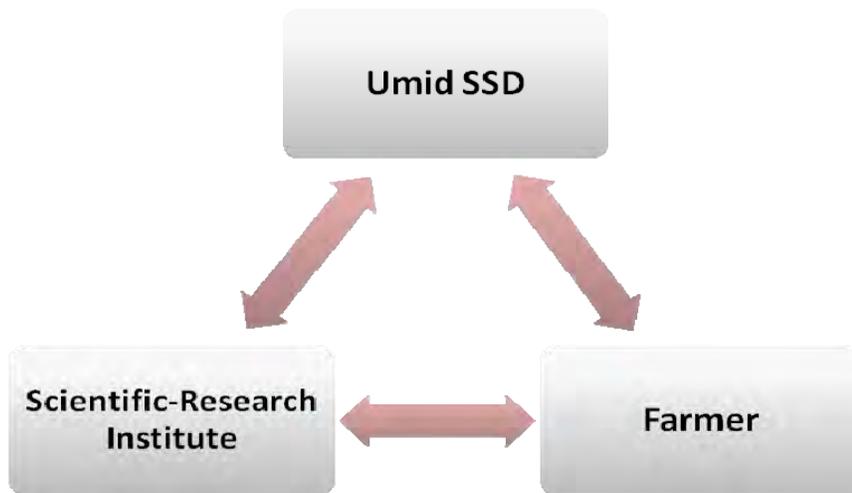
Although 'Community based Support to Producers of Dairy Products' project is under implementation with support from USAID and BP and Partners numerous appreciable results have already been achieved. Training and consultation sessions provided under the project not only enhanced farmers' knowledge on relevant fields but also enabled them to create linkages directly with scientific-research institutions, to have access to related bodies, etc. One of such farmers is Arzu Mursalov.

In 2000, Arzu Mursalov established a farming household in Jeyranchol area of Shamkir region. He possesses 35 heads of milking cows - 82 heads of small ruminants. Husbandry is focused on meat and milk production. Mursalov is a vet by specialty and has 24 years of experience in this field. Daily 150-160 liters of milk is produced in the husbandry. Husbandry's demand for feed is met through Lucerne field of 26 hectares. He purchases strong feed from wheat mills. He upgraded productivity of cattle via artificial insemination.

Besides, he sells solid waste of cattle to greenhouses. Depending on quality, a kilogram of fertilizer rates between 35-40 AZN which covers expenses on purchase of liquid gas.

After reading article on alternative energy sources in newspaper, he identified effectiveness of gas, obtained from solid waste in the husbandry. As his husbandry located in 60km away from the gas station, filling gas tanks takes him too much time and high transport cost. Taking into consideration the advantages of more effective method, he made request to several agencies on getting gas (biogas) from solid waste. He then compared productivity indicators and prices of devices offered to him.

Thanks to trainings conducted by Umid SSD under the project, during the trainings farmers were informed that Azerbaijan Scientific Research Agromechanics Institute has developed such biogas device.



For this, Mursalov made request to relevant department of the institute. Employees of 'Alternative Energy Resources' department of the institute stated that they will provide necessary support to farmer.