



# PROJECT FACTSHEET

Azerbaijan November 2012

## ARAN BEEF AND MILK – GIVING AZERBAIJANI CONSUMERS WHAT THEY WANT



The Aran region of Azerbaijan is famous for its beef and dairy products; Azerbaijani consumers value their quality and freshness, and are ready to pay more for them than cheaper imports. But Aran farmers have so far been unable to make the most of the consumer demand, because they lack the basic tools for successful farming: good cattle fodder, professional veterinarians, and regular access to markets. This project of the Swiss Agency for Development and Cooperation (SDC) is developing links between farmers in Aran and veterinarians, cattle fodders suppliers, dairy producers, and meat wholesalers with the aim of achieving a sustainable and thriving market for Aran's products, which will benefit 10,000 households (50,000 people) in 30 villages.

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### COUNTRY CONTEXT

Azerbaijan gained its independence from the Soviet Union in 1991, and after a difficult transition period, including a conflict with Armenia over the disputed region of Nagorno Karabakh, has seen its economy grow significantly. Substantial oil and gas reserves, in which western companies have invested heavily, now account for a large part of the country's exports, and revenue from them has drastically raised Azerbaijan's gross domestic product and average per capita income. However, the new wealth has benefited primarily the capital Baku and other larger cities. Rural areas, despite their own natural wealth of fertile soil and a climate favourable to agriculture, continue to suffer from poverty and a lack of basic services such as regular access to safe drinking water. As a result, many people, in particular young men, are leaving Azerbaijan's rural regions to seek work in the urban centres, or in neighbouring Russia. The economic success enjoyed by the cities has not yet spread to the rural areas.

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### SECTOR CONTEXT

The Aran region of Azerbaijan produces around 35 percent of the country's meat and milk. Fresh beef from Aran is highly prized by Azerbaijani consumers, who prefer it to processed meat imports from India or Pakistan. Fresh dairy products sell well, too, and again buyers are ready to pay more for them than for cheaper imports.

But Aran's farmers face multiple challenges in supplying these potentially lucrative markets. The transition from collective state farms (Kolkhozes) to private land ownership has not been easy. Although 90 percent of the farmers in the region own livestock, many have only one or two head of cattle, and although they have experience in cattle raising, their knowledge of how to run a successful business is limited.

What's more, the cattle fodder currently available to

them is of low quality, often home grown in poor soil and lacking in growth boosting nutrients. Veterinarians are in short supply, too; a recent study showed that a state veterinarian in Azerbaijan will in theory be responsible for the health of over 1'400 cattle. But low wages, long distances, and poor transport infrastructure mean vets are increasingly reluctant to make farm visits, and will only do so if they know they are guaranteed sales of cattle medicines or artificial insemination services.

Meanwhile a government emphasis on large scale industrialised agriculture means small farmers trying to sell their products tend to be in a weak bargaining position. Informal markets and lack of protection for small holders cause farmers to get very low prices for their beef or milk. Compounded with a recent influx of cheap meat and dairy products from other countries, this has led many farmers to believe they can no longer make a living.

## PROJECT OBJECTIVES & ACTIVITIES

### Good meat and good milk need good markets

The project focuses on two districts in the Aran region: Agcabadi and Beylaqan. The chief goal is to increase incomes of smallholder farmers by encouraging them to focus on produce (beef and milk) for which it is known there is a good market. To help them achieve this, the project facilitates the development of sustainable partnerships between farmers, veterinarians, and meat and dairy wholesalers and processors.

### Healthy cattle mean more meat

A first key task is to improve the quality of the cattle fodder. Farmers are being supported to grow more alfalfa, and producers of concentrated cattle fodder have been introduced to the region, in order to develop partnerships with local farmers. Adjusting the cattle diet by including some concentrated fodder is already increasing the meat yield on some beneficiary farms.

A second key step is to ensure that farmers have access to affordable veterinary services. The project is working with veterinarians to improve their organisation and capacity, while at the same time providing information to farmers about the benefits the veterinary service can offer. The aim is to increase the number of farmers regularly using and paying for veterinary services.

Healthier animals will lead to higher yields of meat and milk, and in order to ensure the farmers can sell their products for good prices, partnerships are being developed with meat and dairy wholesalers. Farmers are encouraged to work together towards a uniform high milk quality, which they can then sell together to large dairies. At the same time wholesalers are persuaded to buy from farms which produce smaller amounts.

The project expects these interventions to result in small and medium farmers in Agcabadi and Beylaqan increasing their income from milk sales by 10 percent, and even up to 20 percent in winter. Among cattle farmers, an increase of 10 percent is expected. And both sectors are expected to increase their market share in the meat and milk markets.

The long term result: small and medium farmers in Azerbaijan's most important agricultural region will be producing viable quantities of high quality milk and meat, which has a guaranteed and sustainable market.



## BENEFICIARY PORTRAIT:

### Plump Cattle Make Ilham a Happy Man

Ilham Ibrahimov is from a family of cattle farmers; his father was a farmer, and Ilham himself has, in his career, owned eight cows. But despite the fact that he has been in the cattle business since he was a young man, Ilham admits that the issue of profit and loss never really played a big role in his calculations. "I have three head of cattle now," he explains, "and I sold one of them recently. But in the past I never really worked out how much I earned from selling an animal after fattening it."

"But I certainly know that when I did decide to fatten up a calf for selling, the process would take five or six months before the animal was ready to take to market."

In December 2011 Ilham became aware of SDC's project. "The project people came to our village to

talk to us about the advantages of feeding our cattle concentrated fodder," he remembers. "And they introduced us to a fodder supplier." Since then Ilham has begun using concentrated fodder on his farm, and he has already noticed the difference.

"The first thing I noticed was that the cattle loved to eat the new fodder," he says. "In the past, with traditional fodder, I used to sometimes have problems getting the animals to eat. And sometimes the old fodder made them ill as well, so I had to call the vet. With the new fodder I haven't had to call the vet at all. Actually I was rather surprised, I hadn't expected such positive results so quickly."

When Ilham began using the concentrated fodder last December, the calf he was fattening up weighed 200 kilogrammes. Two months later, when he weighed the animal ahead of selling it, it had, to Ilham's delight, reached 440 kilogrammes.

"What used to take five months took just 60 days!" he says. Ilham sold the calf for 3.40 AZN (Azerbaijani Manat) per kilo, meaning he got 1'496 AZN (approx. CHF 1'830) for it, almost 300 AZN more than for a calf that was fed without using concentrated fodder. "It was a calf from one of my own cows, I sold it on my farm so I had no transport costs, and I never had to call the vet out, so this is net profit for me," says Ilham. And, Ilham admits, he has also learned a lesson about paying attention to cold hard statistics. "I had been assessing the weight of my cattle just by looking at them," he explains. "And I assessed that calf at 350 kilogrammes... in fact, when it was properly weighed it turned out to be 440."

Ilham is now encouraging his fellow farmers to try concentrated fodder too. "For me it has meant less work, less physical labour, less cost, and the whole process took less time."



## EXPECTED RESULTS

By the end of the current project phase, the following results shall be achieved:

- 1) Cattle receives better fodder and increased veterinarian attention.
- 2) Partnerships among farmers improve their bargaining power, leading to better prices for their products.
- 3) Yield from beef cattle increases, leading to higher incomes of farmers.

## DID YOU KNOW THAT...

- ... Azeri is a Turkic language.
- ... Azerbaijan is called "land of fire" because of the "Fire Temple" (which has historically been the Mecca of Zoroastrians) near the capital Baku.
- ... Out of 700 mud volcanoes in the world, 400 can be found in Azerbaijan.
- ... Azerbaijan was divided between the Russian and Iranian empires in 1828, as a consequence of which today still more than 20 million ethnic Azeris live in the north-western part of Iran.



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## AZERBAIJAN FACTS & FIGURES

**Population:** 9 million (Switzerland: 8 million)

**Life expectancy at birth** (index mundi, 2011): Men 68 years, women 75 years (Switzerland: men 78 years, women 84 years)

**Gross national income** per capita (World Bank, 2011): USD 5'290 (Switzerland: USD 76'380)

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## PROJECT AT A GLANCE

**Title:** Facilitating Access to Animal Resources and Markets in Agcabadi and Beylaqan Districts (FARMS)

**Duration:** 2010–2016 (two project phases)

**Total budget:** Approx. CHF 4 million

**Implementing organisations:** HEKS-EPER, Switzerland; in cooperation with Azerbaijan Agribusiness Centre (AAC) and Agro-Information Centre (AIM), Azerbaijan

**Partners:** Service providers, milk processing enterprises, municipalities, Ministry of Agriculture and Ministry of Economic Development of Azerbaijan

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## IMPRINT

### About this Publication

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