

**Trip Report and Recommendations**  
**Lakshman Velupillai**  
**Trip to Ukraine, Azerbaijan and Georgia**  
**May 12 ~ 29, 2005**

**Summary**

The trip was undertaken jointly by the PFID-MSP representative from the LSU AgCenter, Lakshman Velupillai, along with representatives of PFID-MSP partner in Ukraine, the IIFSQ, represented by Dr. Gennady Myronyuk, Director General and Ms. Anna Vasylenko, Director, International Relations. This was a planned approved activity, and is a part of the current Annual Work Plan for PFID-MSP Phase II. The purpose of the trip was twofold. One to finalize/select the in country partners for the IIFSQ/LSU AgCenter in Azerbaijan and Georgia, and two to look at buy-in potential by discussing PFID-MSP interventions at the local USAID Missions. PFID-MSP and IIFSQ representative also took this opportunity to visit government, private sector and non-governmental entities to learn more about the food industry in general, and food safety/regulatory compliance in particular.

The status of food safety awareness and the regulatory environment is at an early stage in both countries. Georgia is ahead in many aspects in terms of a national dialogue/debate on food safety and related issues, as well as the drafting of regulations. Georgia is also following the lead of the Baltic nations in terms of moving to a single authority or body to deal with all food safety/security matters, while Azerbaijan is considering it. Because of limited export potential in MSP and related products, HACCP and related procedures and standards are not considered important by the smaller processors in both countries, while the larger processing plants are very keen on acquiring these enhanced capabilities. While both in Azerbaijan and Georgia some USAID projects have marginally dealt with food safety issues through introductory training programs, neither has implemented the kinds of interventions that resulted from PFID-MSP efforts in Ukraine and Moldova. Georgia is more interested in import substitution in the meat sector rather than developing exports, while Azerbaijan already exports caviar, and sturgeon meat.

Local partner selection as the In-Country Satellites (ICs) of the IIFSQ proceeded well. We received two applications each from Azerbaijan and Georgia. The candidate selected in Georgia is an excellent outfit that is a spin-off company from a USAID funded project and is well qualified. Subcontract execution with this firm is now in progress. The applicants from Azerbaijan included one from the private sector and one from a government unit. An opinion has been requested from the USAID Mission as to the suitability of the applicant from their standpoint. Once this is received, the decision will be made and subcontract execution started.

Exploring the potential for funding buy-in by local USAID Missions was one of two reasons for this trip. Thus this was explored through meetings with program officers and agricultural advisors at the Tbilisi and Baku Missions, as well as with other USAID funded projects that might have a need for PFID services. The Mission in Baku has indicated that the PFID-MSP program has the necessary expertise/experience, and is relevant to some of their activities in country. However, they are now evaluating their programs and priorities. We should be hearing of any interest they may have in the next month or so. The situation in Georgia was rather more positive, in that there is a USAID funded project (AgVantage, implemented by ACDI/VOCA) which has indicated their interest in PFID-MSP services. In our discussions at the Mission, we were told to contact the AgVantage project for potential interest. Indeed this discussion with AgVantage was very positive, and a preliminary scope of services will be proposed by the LSU AgCenter in partnership with the IIFSQ. Additionally, we met with the World Learning project funded by USAID that provides funding to training initiatives for the Caucasus region. Discussions there indicate that they would work with us and the AgVantage project to fund any training related activities that PFID-MSP might propose.

## **Introduction and Background**

The above trip was undertaken as a part of the requirements for Phase II of the PFID program in the Eastern Europe/CIS region. The scope of work under the program for this region included limited expansion of Phase I activities to Georgia and Azerbaijan, and the continuation of activities in Ukraine and Moldova. The scope of work included the utilization of the capabilities and influence of the International Institute for Food Safety and Quality (IIFSQ) in Ukraine established under the auspices of the PFID Phase I program in the Eastern European/CIS region, establish In-country Satellites (ICS) in Georgia and Azerbaijan, as well as explore the possibility for food safety related interventions in Kazakhstan. In this particular trip Kazakhstan was not included, as this was to be undertaken in late summer 2005.

Considerable preliminary work was completed by the PFID Coordinator Dr. Jonathan Hubchen and his assistant Ms. Claudia Jimenez in Baton Rouge to prepare for this trip. These preparations included the draft of a Request for Applications (RFA) for the ICSs in Georgia and Azerbaijan; internet searches and direct communications to identify a list of potential candidate organizations for the ICSs; sending the RFAs to candidate institutions and reviewing RFAs received from applicants; and staying in contact with IIFSQ staff in Ukraine. Key objectives undertaken during the trip included:

1. Interview final list of candidate institutions in Georgia and Azerbaijan for the ICS position,
2. Meet with relevant government agencies, industry, and USAID Missions in country,
3. Identify potential opportunity to receive leverage funding from USAID Missions - explore ideas for scope of work, including specific needs of Mission programs,
4. Review progress of IIFSQ in Ukraine, including preparations for upcoming Better Process School program to be taught in Ukraine by LSU AgCenter and FDA specialists,
5. Review progress by World Laboratory, Kyiv staff for activities in Livestock Market development under a no-cost extension of PFID Phase I program, and
6. Meet with staff of the Moldova Center for Food Safety and Quality (MCFSQ) in Kyiv upon return from Georgia to discuss progress, and activities as the MCFSQ was already selected as the Moldovan ICS.

## **Summary of Visits and Discussions**

### Kyiv, Ukraine, May 14 ~ 16

Since it was easier to arrange travel to and from Georgia and Azerbaijan from a Kyiv base, the first two days were spent in Kyiv as a transit point, as well as to meet/contact USAID Kyiv. During these two days, met with former staff of the LSU AgCenter Extension project from Vinnytsia; specialists from the Cybernetics Institute, Kyiv to discuss potential regional information support systems to be discussed at the IIFSQ, and with USAID (by telephone) as well as Team Leader Dr. Robert Lee, Mr. William Motes (copy of all business cards are provided at the end of this report) and Mr. Andriy Nykonenko of the USAID funded Agricultural Marketing Project being implemented by Land O' Lakes. On the 16<sup>th</sup> May traveled with Dr. Myronyuk, Director General, IIFSQ, to Baku, arriving at 7:30 PM.

### Baku, Azerbaijan, May 16 ~ 21

One of the issues we faced in identifying and selecting candidate institutions both in Azerbaijan and Georgia was the very small number of applicants. In the case of Azerbaijan there were three applicants. At the first screening process, one candidate was deemed unqualified, while the other two were eligible for consideration. Thus a face to face interview was arranged to

arrive at a final decision. As previously mentioned, meetings with industry, government agencies and USAID were also arranged to obtain an understanding of the food industry as well as the status of food quality and safety issues in country.

Tuesday, May 17, 2005

Meeting with Dr. Igor Kvass, Chief of Party, WTO US Trade and Development Agency Assistance project being implemented by Booz Allen Hamilton in Azerbaijan. Dr. Kvass is an old friend of Dr. Myronyuk, and has provided preliminary information prior to our arrival. He is a retired law professor from Vanderbilt University. Dr. Kvass also invited a young Azeri lawyer, Mr. Jafar Babayey, working in his project to join us at the meeting.

Azerbaijan applied to the WTO in 1997, and the project led by Dr. Kvass is to assist Azerbaijan to become a member of the WTO. Toward this end the project provides advice, documentation and training to the Azeri government. This includes the meeting of all of the requirements for the establishment and application of all standards. Incorporated in this are the Technical Barriers to Standards (TBS), and Sanitary and Phytosanitary (SPS) Standards issues. While they (the WTO project) do not actually care about the standards themselves, they are there to see that Azerbaijan sets up an efficient and transparent set of standards. With respect to commodities, the WTO expects the application of international standards, and requires the membership in the Codex Alimentarius Commission, and the International Standards Organization.

Imports of food items are controlled by five different agencies in Azerbaijan. These include two agencies from the ministry of agriculture – Phytosanitary/Plant Protection Department, and the Veterinary Department; State Customs Department; and the Consumer Protection Department of the ministry of Economic Development. The Customs Department is said to be an autonomous body and has its own laboratories. The comment was made that in each of these departments, resources and competence of personnel is sorely lacking. The standards are said to be the GOST standards, and it is believed that these standards are not really applied. The ministry of Health, for example is said to be using a 1992 version of the standards. Another issue is one of low salaries for newly trained specialists in these agencies, said to be approximately \$ 25.00 per month. This leads to these individuals leaving government services for the private sector.

One result of the above is that as visitors and consumers, people are said to often become sick due to food related issues. Further, many imported food items are said to be counterfeit. Dr. Kvass made the comment that PFID programs are very timely as all of the issues in food safety and the application of proper standards are all in an early stage of development.

On inquiring about the selection of a local partner, preferably an NGO, we were told that identifying a NGO may be difficult as a large bulk of business conducted in the country is linked one way or another to government personnel. In this regard it was stated that the economy is not very open, and is run by monopolies, often linked to governmental personnel. There is said to be a number of US investors, particularly from the south who are doing business in Azerbaijan. Additionally there is a large oil expatriate community from the US in Azerbaijan.

One reason for the lack of interest in the application of standards is that both for the local markets and for regional markets within the former Soviet countries standards are generally not adhered to, and transactions are made through 'deals'. However export to EU countries is often affected due to efficiency and competency in the application of required standards. One example is that sturgeon meat exports to the EU are banned at the moment. On the other hand, some items are said to be exported to Turkey, and re-exported to other countries as a product of Turkish origin.

On the positive side, there is emerging a young generation of people in some ministries who are dynamic and want to make a difference.

A meeting was also arranged with the Commodity Certification Center (CCC) at the Ministry of Economic Development. This Center has already collaborated in the conduct of two HACCP courses jointly with the IIFSQ from Ukraine, and as a consequence has applied to become the ICS for Azerbaijan. At this center we met with its Director, Dr. Khalig Mamedov, and two of his assistants in international relations – Mr. Azer Sadi Abdurahmanov, and Ms. Javanshir Ulviyya Yolchuyeva. Dr. Mamedov had previously worked at the local university as a professor in economics, and was keen for the center to become the ICS for Azerbaijan. He explained the main functions of the center as being 1) the protection of the local consumer, and 2) certification of origin of products. He mentioned that Azerbaijan aspires to EU membership and that this Center is helping in this process. They have their main office in Baku, six branch offices and two laboratories. They described the labs as not being modern, and are said to be working on Russian standards. Apparently they are collaborating with TACIS project to upgrade the labs. They expressed a desire to work with EU standards in the future. In addition to their interest in seafood and meats for the conduct of HACCP programs, they are planning a dairy HACCP program soon.

On the issue of standards, Dr. Mamedov stated that Azerbaijan is just beginning the process of implementing proper standards, and the incentive is a government decree that ensures the safety of food for the consumer.

We then raised a few questions and sought clarification on some points in their application for the position of the ICS for Azerbaijan. In their “major tasks” section they referred to carrying out examination of food items as well as assessment of quality. When asked as to how they accomplished these tasks, they told us that these are mainly accomplished at their laboratories (two in the Baku area and three in the regions) using the GOST standards and another standard used by Serrix Ltd, UK (apparently a foreign entity working in Azerbaijan) as the reference for their work at these laboratories. They also stated that these labs were not up to date in terms of equipment and capability.

Reference was also made to ‘scientific and promotional’ activities. Apparently these are only training activities including instructions on processing, packaging, storage etc., they showed us some brochures on these subjects.

There was a reference to a “pool of experts” at the CCC, under “strengths of the CCC” section in their application. They explained that there are 16 such experts employed full time by the CCC, and that they seek outside expertise if needed.

A final issue was raised regarding them assisting in the leveraging of local funds. While they said that they “collaborate” with almost all foreign donors, they seemed not aware of how this can be done – at least they did not indicate any approaches to seek funds.

The overall impression was that this organization has the following features for the role of the ICS in Azerbaijan:

1. They are a government entity – on the plus side this is desired as apparently one cannot accomplish much if one does not have strong government connections. Given the right connections, which they seem to have, they may get the job done. On the minus side, they may not be seen as friendly to the private sector, resulting in a lack of cooperation with industry.
2. They appear weak in the technical strength needed to accomplish some successful activities particularly in providing technical help in addition to HACCP. For example

- we met a leading poultry processor who is very interested in introducing HACCP to their new expansion of their plant. Without such initial successes, their credibility may be affected.
3. The above are true even for a non-governmental body in Azerbaijan as everything to with food safety is at a very early stage of development.
  4. They did not demonstrate an ability to leverage any local funds to be sustainable. For example they did not propose a fee based system for training which could provide minimal funds.

Wednesday May 18, 2005

We met with the second applicant for the ICS position, a representative of the Azerbaijan Agribusiness Marketing Council (AAMC), one Mr. Samad Abasgulyev. The AAMC has been set up this year in February by a few businessmen including Mr. Abasgulyev with support from the Azerbaijan Agribusiness Center (AAC) established by the Pragma Corporation, a US firm implementing a USAID funded program in Azerbaijan. The AAC has provided office space and access to their database of the food and agricultural industry. Apparently the AAMC has all the key players in the food industry in Azerbaijan, including one each from the EU and the US who are established in Azerbaijan.

In their application there was a reference to the AAMC "...promoting growth, competitiveness, profitability and sustainability." When asked as to how they go about doing this, we were told that the AAMC is now focused on 1) attracting more membership through fee paying members, 2) lobbying for the group at the governmental level, and 3) providing training, trade shows and introducing new technologies. It as further explained to us that the AAMC merely acts a body that identifies the training needs and then seeks an outside training provider to actually do the training.

There was a related item in their application with regard to implementing value-added products and services. While they are not now linked to any scientific expertise, which they claim does not exist in country; they are planning to identify local and foreign companies that could provide the science for the needs of the industry.

One of the strong points that emerged from this discussion concerned the harnessing of local funds to support the ICS. Mr. Abasgulyev's first response was that they will develop a business plan with regard to the monies needed and the potential benefits. However, he stated

1. that currently the industry (local membership of the AAMC) will invest, and that this is purely industry money
2. that AAMC has a good vision and will tap into international donors
3. that AAMC has its own budget for the next three years through the Pragma AAC source.

On the issue of the current three-year budget from USAID sourced funds, we asked if these funds were (most likely) already budgeted towards activities, and could not be used for any potential ICS activity, Mr. Abasgulyev replied that they have flexibility within for example their travel budget. In this regard he agreed to provide an email with some projections.

A meeting of officials of the State standards Committee, government of Azerbaijan was then arranged by Dr. Myronyuk. We met the Director General, Ms. Masimova, who heads their State Agency for Standardization, Metrology and Patents of the Republic of Azerbaijan. Some key points hat emerged from this discussion are:

- They mainly use GOST standards for industry compliance
- They are using Turkish standards for harmonization with EU standards. We were told that they took the Turkish translation and changed the cover page!

- ❑ This committee has accredited the British Standards Institute and Saybold Company (from the UK?) to check and issue certificates for exports based on EU and International Standards.
- ❑ Apparently HACCP is not yet included in the standards/requirements used by local authorities for food processing plants
- ❑ They welcomed any activity by the ICS that will be established, also they seemed to know of Dr. Myronyuk and his good work in Ukraine.

Thursday, May 19, 2005

We visited a leading poultry processing company – Davachi Broiler Company, to gain an understanding of their perspective. At their offices in Baku (the actual plant location was some 150 Km away from Baku) we met Mr. Azimov, General Manager, and Mr. Mammedzade, Director of their Quality Management Department. This person had attended Dr. Myronyuk's HACCP introduction course held in Baku recently.

Davachi Broiler is a Joint Stock Company, and was started as such in 2001. Apparently their factory was established in the Soviet period in 1981, and modernization plans are now in progress. In all they have 52 chicken houses (approximately 26,000 chickens per house), with 20 now fully operational. They also have four storage units for holding about 2000 tons of feed. Their slaughter department now handles 1500 birds/hour, and a processing plant (Dutch equipment) capacity of 10 tons/hour. Their hatchery receives 500,000 eggs. Last year they had produced 8000 tons of products, and plan to increase this to 10,000 tons next year.

The general manager stated that they have good veterinary control (current mortality is 4%), and starting six months ago, they began applying quality management practices according to ISO 10,000. They are very interested in adopting HACCP.

They supply about 25% of the local market needs (through an agreement with about 8000 retailers) estimated to be about 96,000 tons per year. The local industry produces about 17,000 tons per year. About 50% of local demand is met through imports from Turkey (30%), France and the US. The balance demand is met by local rural producers (50% of Azerbaijan's population of 8 million lives in the regions, and the other 50% in the Baku area.).

As a leader in the poultry industry, Davachi Broiler is very interested in modernizing their plant, increasing output and adopting HACCP.

When asked about any associations in the poultry business, we were told that there is an association with about 60 members, but that this association does not do much for the industry.

Friday, May 20, 2005

The first meeting was at the USAID office which comes under the Caucasus/Georgia Mission. We had sought appointments with Ms. Catherine Trebes, Program Officer and Mr. Keith Sherper, a retired USAID Mission Director now acting on a consultant basis for the USAID Office in Baku.

We gave the usual presentation orally, and gave hard copy materials including PFID Phase I highlights, the plans for Phase II, especially for the Caucasus region, and a statement as to what we are seeking (basic concurrence with our plans, and possible buy-in support to leverage the seed monies from Washington). They both appeared interested and stated that we had a product/service, and because of the Ukraine/IIFSQ platform approach that there was considerable cost savings.

Mr. Sherper asked about quality being different for different markets, and that while safety was needed, the quality needs to meet the appropriate standards for trade. Further on this subject, he asked if we would be able to help Azerbaijan processors meet EU standards. Finally he mentioned the need to address packaging and shipping needs and technologies. We responded adequately to the above issues through various examples, etc. He also pointed out that Azerbaijan has limited export potential due to location, and that a focus on high value products (vegetables, nuts, etc.) was needed. This points to the need for value-added post-harvest technologies that PFID can offer, and we mentioned these possibilities. Mr. Sherper also gave us a one pager on the two key agricultural projects being implemented at present in Azerbaijan. These are the Rural Agribusiness Development Project by IRC, and the Rural Agricultural Enterprise Competitiveness Project by Pragma Corporation. Apparently there were some elements of some of Pragma's project objectives that matched our experience and capability. When he indicated that we speak to Pragma, we agreed, but did point out that an on-going project normally has their entire budget tied up with work plans, etc. We did meet the Pragma folks the same afternoon.

Overall they made the comment that they were interested in us, but there was a program review now ongoing, and that they will be in a better position in the next two months to comment on any support possibility. Apparently with the lifting of "Section 907" in Congress, monies that were frozen (?) due to human rights violations involving Armenians, was now available for the Mission. Another comment was that now USAID is focused on working with the government and its agencies. Ms. Trebes also stated that a MSU consultant (Glen Bledsoe) recently completed an assessment for grades and standards, and that he would be turning in his report next week.

Bottom line – they recognized our programs and skills, and also stated that the Mission likes to promote regional training. They do not know where the Mission will go, and may have some thoughts on this over the next two months.

The meeting at Pragma Corporation was arranged for the afternoon, and we had a good discussion with their Deputy Chief-of-party Glen Stennes, and two staff members Gideon Donoho, Director of Client Services, and Peter Jaeger, Trade Marketing Specialist.

One of the applicants for the ICS position in Azerbaijan is a local organization known as the Azerbaijan Agribusiness Marketing Council (AAMC) referenced earlier in this report, an entity that has been set up by Pragma under the project. Obviously the applicant has contacted Pragma, and Pragma folks had tried to look up the LSU AgCenter website. In other words they were aware of us. After hearing our brief presentation, they responded with various pieces of information and comments as follows:

1. An entity known as Zaigon Consulting out of Lithuania has been conducting HACCP training for a fee for a while in Azerbaijan
2. One Dr. Barbara Rasco from MSU did a study on grades and standards and quality issues with the intent of USAID funding a program. However they did not fund the program
3. Pragma does not work with any product that comes out of the Caspian Sea
4. Caviar and Sturgeon are controlled by the government, so Pragma is staying out of these areas
5. They recommended that AAMC would be a good choice for our local partner
6. They did not see a possibility of contracting with us
7. They recommended that we contact World Learning (Julie Hamlin) who does contract training for Pragma, and may contract with IIFSQ(?). This is due to the fact that the Pragma project has a mechanism to support their local clients, and may consider sending participants to Kyiv for training at the IIFSQ

8. They recognized that we have something of value and convenience (example, training manuals in Russian) for Pragma
9. They stay away from government agencies in Azerbaijan
10. Working/Partnering with government may be an impediment to programs with the industry

Saturday, May 21, 2005

Traveled from Baku to Tbilisi, Georgia

Sunday, May 22, 2005

Rest day

Monday, May 23, 2005

The first meeting was requested by Ms. Spohie Kemkhadze, the Senior Analyst from the USAID funded Restructuring Assistance and Policy Advice (RAPA) project being implemented by DAI in Georgia. She has also set up a local consulting company that had expressed interest in applying for the position of the ICS for Georgia. The deadline was close of business Monday 23, 2005. While we have set up a meeting with Dr. Don van Atta, Chief-of-Party of the same project for on Tuesday, May 24, Lakshman decided to not discuss any matters concerning the Georgia ICS position with Ms. Kemkhadze as he had not yet received the proposal, nor seen the evaluation of the proposal by Jonathan. As such Lakshman set up a second meeting with Ms. Kemkhadze for Wednesday May 25, 2005 to discuss the application.

Our second meeting was at the Department of Statistics, Government of Georgia, at their Food Security Observatory. We met the Deputy Chairman, Ms. Elene Chikovani, and Mr. George Kivnikadze, Head of the Food Security Observatory. This 'observatory' really is their food security information system. The term 'food security' refers to food availability and food accessibility by the people, as opposed to food biosecurity, which relates to external threats to the safety of food and related products that reaches the consumer. This unit collects data mostly on food availability and distribution, and publishes bulletins. They mentioned that they have no information nor have the ability to gather data on food safety matters.

Recently the WHO had conducted a seminar on food safety with the aim of developing a strategy for Georgia. This whole process, we are told is at the beginning stages. Another seminar on food and nutrition policy was conducted recently. There is a working group appointed by the government to formulate policy, and explore the creation of a single entity that will deal with food safety, standards and regulatory issues. As is common in former Soviet Union countries, there are three or more agencies handling these issues now. Further we were told that a food safety law has been drafted and is said to be at the parliament level. The Food Safety Observatory is a unit of the Statistics department, and as such is only interested in the general concepts of food safety and related issues so that they can effectively collect the appropriate information and publish it. They provided us with various published bulletins providing useful data on food imports, consumption etc. They have a website, and some data are available through this website. As I understood it, they estimate the shadow economy through consumption data and family budgets.

The third meeting was arranged with the Department of Food safety which falls under the department of Food Security at the Ministry of Agriculture. We met the Head of the department, Mr. Omar Kacharava, and Mr. Merab Shengelia, Deputy Head of the department.. This department is said to coordinate matters of food safety such as drafting regulations etc. they do not control any activities in the industry.

We were informed that they are already providing HACCP programs for the industry. Upon further exploring this matter it turned out that this was provided by MSU as general HACCP concepts through the RAPA/DAI USAID project. Mr. Kacharava mentioned that many small processors who supply the local market are not willing to adopt HACCP and other safety programs as they are viewed as costing money. However, the larger companies are willing to adopt safety programs at their plants.

As referenced in the earlier discussion, Mr. Kacharava then explained the draft law and the concept of creating a single entity for all food safety and regulatory matters. Apparently this is a requirement of the EU, and the Baltic States have already adopted this approach. Finally they are aware of the potential funding from the MCC. Georgia is one of five countries now approved for MCC funding along with Nicaragua, Honduras and Cape Verde. Madagascar signed the first MCC Compact in April this year for 110 million dollars.

We were provided a publication on food and food products, including meats and meat products, and the details on the processing industry.

Our final meeting for the day was with Mr. Konstantin Zhgenti, President, Association of Business Consulting Organizations of Georgia (ABCO-Georgia), and the Small and Medium Enterprise Development Agency (SMEDA). Mr. Z was very interested in learning of our mission to Georgia, but was not sure how we could collaborate at the moment. In any event he was quite knowledgeable about the food industry, and we were pleased at having located him for the meeting. In addition to wine and mineral water, Georgia's largest exports, they are said to export livestock on the hoof to Azerbaijan and Armenia. Georgia is said to be presently importing bull meat from India, and Mr. Z commented that people are aware that this meat is not of good quality. Chicken wings are said to be imported from Brazil and the US.

The two entities, ABCO and SMEDA are operating under one roof at the moment and are mainly involved in business/market, and value added related training for the industry. He feels that they are gradually becoming involved in the food industry and saw the need for PFID like interventions and support. Mr. Z commented that there is a possibility for Georgia to enter CIS markets, but was concerned that volume would be a constraint when small businesses become involved. He also thought that the larger companies/processors are generally in poor condition. These two entities are also becoming involved in linking producers and processors, as well as creating the distribution channels for the products.

Finally when asked about the possibility for the ICS to be established in Georgia under the auspices of the IIFSQ to seek funding, he mentioned that the EC will put out some tenders soon and that this ICS can apply as well as collaborate with the IIFSQ in these bids. He also stated that the USAID Mission will soon put out some RFAs for which the LSU AgCenter/IIFSQ and the local ICS can apply.

Tuesday, May 24, 2005

The first meeting of the day was arranged with USAID where we met Mr. Alfred Williams, Senior Agribusiness Advisor, Office of Economic Growth, and Ms. Rasudan Kacharava, Project Management Specialist, Office of Economic Growth. Mr. Williams asked if we had made appointments with the deputy Mission Director, and also urged us to talk to Richard Hurelbrink, COP for the AgVantage project funded by USAID. He then went on to describe the AgVantage project stating that it has recently begun to enter into food safety related activities, as well as in the poultry area for the past year. Specifically they are said to be working in supporting the Poultry Producers Association, and individual companies in developing slaughter facilities as well as in the production of day-old chicks. They have also been involved in a feed mill operation. Mr. Williams clarified that AgVantage is a USAID supported project

and not an NGO. Apparently they are trying to spin off several outfits from this project to maintain sustainability of project activities.

In terms of project opportunities, and funding situation, he stated that their funding is being cut, that he leaves in June and Ms. Rasudan takes over as Ag Officer. I then stated that I had heard that they will be soon putting two RFAs and he said that it was the case, one would be on SME support (I later found out that this will be non-ag SMEs), and the other would be on policy. In asking for potential for a PFID buy-in he was not able to respond, and tried to get us to meet with the Program Officer. However we were not able to obtain an appointment. There is the possibility that since the Azerbaijan USAID comes under the purview of this Mission in Tbilisi, if the two Program Officers are so inclined, they could develop a common buy-in for both countries. There is a question as to whether this approach is feasible, as we learned later that while the Azerbaijan mission is under the Caucasus/Georgia Mission, their budgets are congressionally separate.

The second meeting for the day was with one Dr. David Malazonia who had contacted me through Dr. Bob Lee of the Ag marketing project in Ukraine. His interest was in learning about our experience in Ag Extension in Ukraine. He has just completed work for the USDA as its country specialist. Their work under this USDA sponsorship included the setting up of abattoirs. As this is a non PFID discussion details are not included here.

The third meeting was with Mr. Don Van Atta COP of the DAI implemented policy project known as Restructuring Assistance and Policy Advice for the Ministry of Agriculture of Georgia. Don provided us with a lot of useful advice and information. Among others he pointed us to many non-USAID funded programs that had a food safety bent, and also asked us to contact both the AgVantage project folks as well as World Learning. Appointments for Wednesday have already been made for these two programs. One promising area is the contact and interface with World Learning that handles training contracts for the Caucasus region. In fact Don got Kevin Carew of World Learning on the phone and introduced us.

#### Wednesday May 25, 2005

The first meeting for the day was with RAPADANI Ltd the entity that applied for the position of the ICS under PFID Phase II. This meeting was to confirm, clarify and discuss points in the RAPADANI proposal to the LSU AgCenter.

The second meeting was arranged with AgVantage, a leading agricultural project funded by USAID and implemented by ACIDI/VOCA.. Their offices we met Mr. Richard Huelbrink, COP, Mr. Graham Dale, and Ms. Tamar Labartkava. This project had started in 2002 as its phase I, considered as the design phase, and looked at the main constraints to agricultural growth and exports. The second implementation phase began in June 2003, and is slated to go through December 2007.

The main commodities of focus are fresh fruits and vegetables, specialty foods, and import substitution, particularly in the dairy and poultry sectors. Their approach is via market chain enhancement and value added. Deliverables include increased sales and increased income for the producers. The COP stated that it has been a big challenge for the project to identify the areas and niches in which Georgian products are competitive. They are identifying off-season product windows in export markets such as onions in the winter season so that Georgia can export to the region, for example, to Ukraine a little earlier than the same product from Morocco and Spain.

The project is entirely focused on the private sector and has no counterpart ministry. There is no credit component in the project. The DAI implemented policy project will be folded into this program in July. Mr. Huelbrink stated that a large part of their funds are spent on short-term

technical assistance, and this does present some interesting opportunities for PFID to participate (see later).

The project currently has a processing unit, and it is this component that has started activities similar to PFID. However, they stated that they have only made a small start. This unit is engaged in two main activities: 1) consulting services in GMP, ISO and HACCP, and 2) training which provides capacity building for local industry. We were told that thus far they have used three consultants, one of which was MSU to provide introduction to HACCP. They also have plans to take local company representatives to neighboring countries where companies have introduced HACCP. They are currently working with some export companies for them to receive ISO 9000 certification. A baseline survey of nine companies has also been completed. At this time they are expecting this unit to grow under the program.

The project has developed a strategy for the Georgian poultry sector, and is planning to focus on local manufacture of feed, introduction of breeder farms to produce day-old chicks which are now imported, improving slaughter houses, and demonstrations in egg preprocessing including washing. A USDA project in Georgia (more on this later) started activities in slaughter houses, and since the USDA is redesigning their programs in Georgia, AgVantage will pick up this activity.

As a result of our presentation of PFID-MSP activities in Ukraine and Moldova, and the IIFSQ's capabilities and current stature in Ukraine, Mr Hurelbrink noted that there are several areas in which there is synergy between our programs. Given their current startup activities in their processing unit, they appear to be very interested in PFID-MSP. Mr. Hurelbrink noted that AgVantage could buy short-term technical assistance as well as training through PFID-MSP/IIFSQ. They appear to be utilizing the services of numerous short-term consultants over a 30 month planning horizon where the specialist first develops a plan/strategy based on an initial assessment, then follows up with implementation. It was agreed that Lakshman and Richard (Mr. Hurelbrink) would stay in touch to develop a plan for collaboration. We anticipate significant participation by IIFSQ and RAPADANI Ltd., the selected local ICS. The possibility of seeking funds from the World Learning implemented project known as START which supports purely training services for the region was also discussed with AgVantage. AgVantage presently uses this program to provide some of the training. Indeed this contact was already made, and we met the person in charge Mr. Kevin Carew.

Our final meeting for the day was at the previously mentioned World Learning project in Tbilisi, where we met Mr. Kevin Carew, and energetic young man. The favorable introduction by Mr. Don Van Atta of the DAI project may have helped. We were well received, and Kevin stated that his budget was the one to raid. This meant that his program is not unlike an IQC mechanism that fulfills training needs of the projects in the Caucasus region. In fact the DAI policy project led by Don Van Atta had utilized nearly \$ 500,000 for training from World Learning. Approval by the country Mission is not required. Kevin stated that some of the food industry related training he supported was for a program on introducing HACCP done by MSU, and some travel funds for participants from Georgia to attend the Codex Commission meetings. He commented that the training provided by MSU "was a little academic.."

As far as funding support for any training we might plan for Georgia or Azerbaijan, he stated that they could support either through the auspices of another USAID project such as AgVantage in Georgia, or even direct if the local project cannot develop the link at first. What this means is that we could go to him first with a proposal in the event we cannot work out the details with a local program, and for example, if the time and sequencing of a series of training programs under consideration is important.

Encouraged by the above possibilities, we (Anna, Dr. Myronyuk and Lakshman) developed a scope of services type document as a starting point in three areas: Policy support, Capacity

building, and Industry technical assistance. A thirty month planning horizon will be used and the initial communication will be made by Lakshman with cc to IIFSQ, RAPADANI, Kevin Carew and Carol. Richard will keep in touch with USAID Tbilisi which encouraged this approach initially at their meeting.

Thursday, May 26, 2005

As our flight from Tbilisi to Kyiv was to leave at 7:00 PM that day we arranged some meetings even though it was a holiday (Independence Day). The first meeting was with one Mr. David Sharbadshidze at the Millenium Challenge Georgia Fund (MCG, [www.mcg.ge](http://www.mcg.ge)). The main reason for this meeting was to learn more about their process in receiving the MCC grant of nearly 200 million dollars. The MCC team was in country at the time of our visit, and they were working out implementation details. David told us that the Compact would likely be signed in mid June. We were not first sure that we would get a meeting with this person, as he was said to be very busy. When called he asked what was our purpose was, and when told that it was with regard to food safety matters, he agreed to give us time for a meeting even though it was on a holiday.

Georgia is one of five countries approved for support by the MCC in its first set of grants. The other countries are Madagascar (which signed the first Compact in April for 110 million dollars, Cape Verde, Honduras and Nicaragua. Georgia is slated to receive 200 million dollars which David said would be spent on four broad areas including roads, energy, infrastructure development, and agriculture/tourism. The amount for agriculture could be 35 ~ 40 million dollars.

In terms of our interests, David pointed out that they are very interested in harmonization of legislation and standards with those of the EU as far as food safety matters are concerned. He was also interested in any regional programs in capacity development, private sector/food industry support etc.

After (hopefully) the Compact is signed in mid June, activities will be beginning in September/October when the MCG will begin to provide public information. David stated that international bidding will be conducted in a very public and transparent manner, and the information will be put on their web as well as made available at the various embassies. Local news papers will also carry this information. David told us that there will be no limitation to a US applicant in the bidding process.

Friday, May 27, 2005

In Kyiv, it was planned that the Moldovan MCFSQ team would meet with Lakshman at the IIFSQ offices located at the Kyiv National University of Trade and Economics (KNUTE). The MCFSQ (Moldovan Center for Food Safety and Quality established as an independent NGO in the wake of PFID-MSP Phase I) was represented by Drs. Lobchenko and Marchenko, former technical staff of the PFID-MSP office in Moldova. Ms. Galena Lyashenko from Moldova could not make this meeting.

Initial discussions were centered on the SOW for the Moldovan Center as the ICS for Moldova under PFID-MSP Phase II. Subsequently, Lakshman had invited two program engineers from Kyiv who worked for the LSU AgCenter private farmer program in Ukraine, to have a brainstorming session for a regional network. On the 15<sup>th</sup> May, upon arrival in Kyiv, Lakshman developed an outline by discussing the same topic, and set up this meeting with the participation of the IIFSQ staff as well as the Moldovan team.

The main idea discussed was the development of a Regional Network to support the food industry in the Georgia Ukraine Azerbaijan Moldova (GUAM) region. GUUAM originally began as a regional organization of five states that is Georgia, Ukraine, the Republic of Uzbekistan, the Republic of Azerbaijan and the Republic of Moldova. This cooperation is based on concurrence of the states' positions on many issues of the present-day international relations. As we understand it, Uzbekistan quit this group, leaving the others as the GUAM group.

The Establishment of the GUAM consultative forum consisting of four states (Georgia, Ukraine, Azerbaijan, Moldova) took place on October 10, 1997 in Strasbourg in the course of the Council of Europe Summit, during which a Joint Communiqué of the Presidents of Ukraine, Georgia, Azerbaijan and Moldova was adopted. In this document the Presidents stressed the necessity of developing quadrilateral cooperation for promoting stability and strengthening security in Europe on the basis of principles of respect for sovereignty, territorial integrity, inviolability of the state frontiers, democracy, rule of law and respect for human rights. The Strasbourg Communiqué formally strengthened gradual political rapprochement and practical deepening of cooperation between the countries in many spheres on the international arena, as well as in bilateral relations.

A draft document will be prepared shortly for discussion purposes with USAID. This document will lay out the main components of the Network for supporting the food industries, and discuss in detail the information system network component.