

COVID-19 Related Financial and Business Training Facilitation for Small Farmers in Azerbaijan

Financed by ECOserve Environmental Programme



The mission of **German Sparkassenstiftung for International Cooperation (DSIK)** is to assist financial institutions to provide financial services to low-income earners in developing and transition countries. Our international cooperation activities foster economic growth and support social development in line with the **Sustainable Development Goals (SDGs)**.

Azerbaijan continues to promote the diversification of its economy to reduce the dependency on hydrocarbons, and thus paying particular attention to developing the agricultural sector. One of the challenges faced by farmers is limited access to financial resources. Farmers lack information about financial service providers and how their services can be accessed.

Therefore, capacities of this economic group should be strengthened and linkages between farmers and financial institutions be consolidated. To this end, it is crucial to promote entrepreneurial, business planning and management skills of small farmers as well as to improve their knowledge in financial accounting, legislation, and taxation. Furthermore, it is important to raise awareness regarding agrarian business development opportunities, such as state support programs and subsidies.

Project Country

Azerbaijan

Target Group

Smallholder farmers and college students of the Kurdamir region

Funding Agency

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of BMZ

Duration

August 2021 - May 2022

Project Gross Volume

EUR 241,000

Objective



The main objective of the project is the improvement of business and financial literacy of small farmers in Kurdamir region in light of the impact of the COVID-19 pandemic.

To this end, the measure aimed at training 100 smallholder farmers in the project region in business planning, financial management, and accounting. Smallholder farmers in the project region are enabled to use the newly gained skills and knowledge to improve their business results and household income while using agriculture and natural resources sustainably in order to strengthen their resilience against external shocks for their farming activities.

Target Group



The project covered two main target groups comprising of smallholder farmers of Kurdamir region of Azerbaijan and college students of Kurdamir region. For each target group an individual package of measures has been developed and delivered.

Partnerships



The successful implementation of our activities is grounded in strong institutional partnerships with key players in the project countries that can facilitate and sustain relevant change processes.

The Kurdamir District Executive Power and the Kurdamir Center of Agrarian Services Agency (ASA) supported the project in informing small farmers about the project. Also, municipal administration advertised the project among the small farmers.

Kurdamir branches of Rabitabank and Bank Respublika granted loans to small farmers who received coaching from the project – all 51 farmers received loans.

Kurdamir SME Development Center provides follow-up business and financial training and consultancy services to small farmers who benefited from the project.

Training contents



Training on Sustainable Farming (5 days)

Learning the basics of global climate cycle and the adverse impacts of climate change; principles and main methods of a sustainable agriculture; maintenance and improvement of natural soil fertility; preventive pest, disease control, crop protection and weed management; water management, irrigation and fertilization; alternative agricultural technology.

Savings Game Training (2 days)

Learning about income and fixed costs; savings and loan products; balance between current and future need and wants; purpose of saving; inflation and monetary stability.

Micro Business Game (2 days)

Strengthening financial and entrepreneurial capacities; apply simple financial tools such as sales forecasts, cash-flows, balance sheets and profit and loss statements; understand the role of suppliers and customers, lenders, and regulators; acquire know-how in marketing, market dynamics and competition.

Training on Business Planning (2 days)

Learn how to start and develop a business; elaboration of solid business plans; application for financial resources and funding; formulating business objectives and business development strategies; efficient use of different financial products.

Training on Government Support to Agriculture (½ day)

Learning about existing state support programs and subsidies.

Basic Financial Literacy (½ day)

Composition of personal budgets; household budget management; risks affecting financial situation; types of savings; deposit interest rate calculation; different loan types; rights and responsibilities of banks and customers; understanding credit history; case study on problem solving with financial institutions.

Achievements



Over the course of the measure, DSIK was able to overachieve all objectives. Relevant materials were developed, and 26 trainings were delivered to 544 participants, including 233 unique small farmers (compared to 100 planned).

As a result, farmers were able to gain the following benefits:

- Information on financial services increased.
- Financial and business literacy improved.
- Acquired practical knowledge on business creation, planning, management, finance, marketing and sales, as well as risks.
- Gained knowledge on new approaches to agricultural production and sustainable farming.
- Learned more about the state support to farmers.
- Learned how to prepare business plans.
- Networking and experience sharing among farmers improved.

In addition, the following goals were achieved:

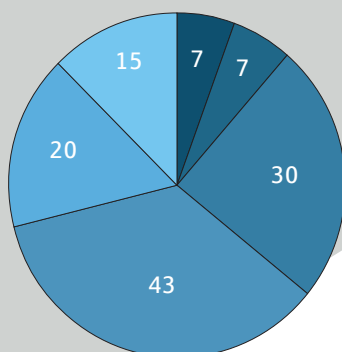
- ✓ 51 farmers (instead of 50) were coached and supported in development of business plans. All of them received loans from local banks.
- ✓ 122 farmers received assets for the support of their businesses.
- ✓ Savings Game Training was conducted for 110 college students.
- ✓ Project Monitoring and Evaluation measures were developed and implemented.
- ✓ Kurdamir Center of Agrarian Services Agency (ASA) participated in the training, received training materials and is now able to provide these services to other farmers.
- ✓ Kurdamir SME Development Center received a list of already trained small farmers to extent further support to them.

Business Support granted to the farmers

The following assets were provided to 122 farmers, who attended all trainings:

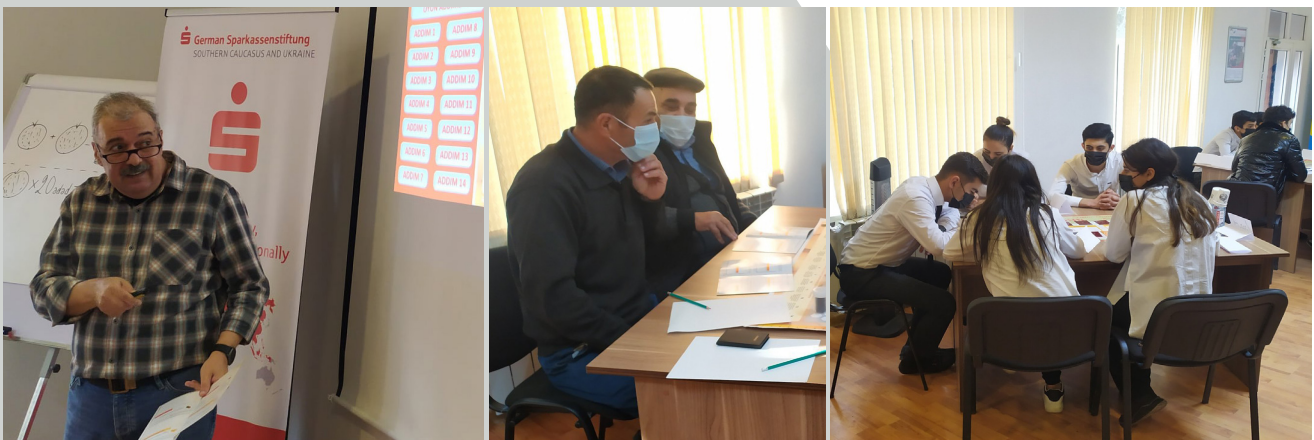


- Water pumps
- Hydrophores
- Water tanks
- Brush Cutter
- Oil extractors
- Incubators



Success stories

One of the training participants, Avaz Samedov from Arabgubali village, deals with cattle breeding and grows pomegranate on 1.5ha. Already before the training, Mr. Samedov had a positive credit history. Receiving a loan after the training and investing his own funds, this farmer was able to build a two-storied construction of 500 sq.m. for keeping animals and hay as well as to multiply the livestock. After mastering his skills at the training and obtaining more profound financial knowledge, Mr. Samedov developed a detailed business plan on further business expansion and applied to one of the partner banks for a new loan.



Another participant of a training organized for small farmers was Farhad Askerov from Jayli village. His business consists of stock farming including both sheep and cattle and in pomegranate cultivation. Having attended DSİK's training, Mr. Askerov improved his business literacy, acquired knowledge on efficient use of available land and resources and learned how to compile financial statements. As a result, he gained an access to state support programs and applied for a subsidy in order to enlarge the farm area and to purchase additional cattle.

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