

Being a reliable corporate citizen

BP and its co-venturers improve lives in Azerbaijan



Seymour Khalilov
Vice-President,
Communications and External Affairs
BP Azerbaijan Georgia Turkey Region

In 2008, two young friends decided to start their own catering business. In light of increased market demand, they saw great potential for their business plan. They named the company Fastas.

Over the following year, they started to apply new corporate standards for finance and resource management, purchasing, customer service management and human resources systems. They soon realized that regardless of their success, they were lacking important industry knowledge. Then a life-changing decision was made. In early 2009, they joined the Enterprise Development and Training Programme (EDTP), funded by BP and its co-venturers.

Today, Fastas is one of the leading catering service providers in the market, with thousands of clients. EDTP covers a wide range of activities regarding the development of a local supply chain, such as market surveys, identification of potential local suppliers, detailed gap analysis, and implementation of customized development plans. Since its launch in 2007, some 1000 companies have participated in the program and more than 90 companies have successfully completed the program, with 187 business development plans and 182 gap analyses produced to support the participating companies in delivering improvement activities.

In addition, the participating local companies have invested approximately \$8.7 million in new capital equipment. The programme has so far had a great result – it has assisted local companies to secure contracts with local and international companies valued more than \$184 million of which more than \$125 million is with BP in Azerbaijan. In addition, EDTP clients have hired approximately 530 new employees.



The story of BP and the co-venturers' commitment to local supply chain development in fact dates back to 2002, when they launched the Enterprise Centre. The center has served as a one-stop shop where local suppliers gain a better understanding of BP business requirements, technical needs and standards of governance. The center played a major role in supporting and developing local business capacity by providing relevant development opportunities. In 2010, the center was replaced by an online Enterprise Center (www.ecbaku.com). The site serves as resource hub for information on BP's development projects and events, and gives guidance on the operation of BP's procurement and supply chain.

Meet the Buyer

In an effort to further develop this work, BP and its co-venturers decided to arrange an event called "Meet the Buyer" in May last year, in order to bring together local businesses and their potential clients.

The event was managed by a multi-functional team, and used progressive project management techniques to make it a resounding success. Around 100 local companies, participants of the multi-million dollar EDTP, were able to present their business services, ranging from operations support, engineering, construction, and logistics to waste management and other sectors. More than 150 international companies and organizations





also participated in the event, which was set up as an exhibition.

Events like “Meet the Buyer” provide a valuable platform for suppliers that normally find it difficult to pitch to big companies. “It provided an opportunity for direct contact with buyers”, says Kenan Samedzade, manager of GENSER. For buyers, it offered a chance to test the market and find out what was available. The results of the follow up survey showed that all participants were keen to be involved in similar events in the future, and that 98% had found the event useful.

The outcome of the event, analyzed in numbers, is very promising. Companies reported about 400 interactions with buyers and were able to make about 300 business linkages with potential suppliers and partners, finding new opportunities to work together. In total, companies signed 52 new contracts as a result of the event.

Capacity Building

In addition to supporting local suppliers, BP and its co-venturers have also partnered with leading global financial and technical institutions to build on their capabilities

and bring their best practice and know-how to the local environment. Partnerships with International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD) have prompted development projects in support of the local finance sector. Cooperation with IFC began with technical support for Azerbaijan Bank Training Centre (ABTC). The project offered high quality training and consultancy services to the small and medium size enterprises (SME) sector. Between 2004 and 2007, ABTC developed 42 new courses through which 1178 representatives of local businesses received trainings.

Cooperation with IFC has continued through the Supplier Finance Facility (SFF) project – an innovative and transparent source of financial supply to our contractors, and Business Enabling Environment Project (BEEP), which aims to assist the government of Azerbaijan in improving legislation in the spheres of permits, licensing and business registration.

The SFF project has made a tangible contribution to the local market development. Four local companies that received approximately \$2.1 million of loan capital





through the SFF, in 2009 boosted their turnover to around \$7.5 million in 2010. As a result they were able to double their combined staff, going from 117 to 230.

One of BEEP's recent successes is the SME Portal Project, which was launched in February 2012. The portal (www.biznesinfo.az) has been specially created to support local SMEs by providing information relating to registering and operating business in Azerbaijan, obtaining permits, registering property, inspections, competing for government tenders, accessing local sources of finance and complying with national accounting standards. The site also provides development and training components, which enable local companies to gain knowledge and share best practices.

BP and its co-venturers have also launched a micro and small lending and advisory program with EBRD in Azerbaijan. Under the agreement signed in 2006, we committed \$6 million through EBRD for loan capital and technical assistance for private sector development in Azerbaijan and Georgia. The objective was to widen access to finance and to encourage the development of a strong microfinance sector in both countries.

Since 2007, over 54,000 loans have been issued under this program, \$2.1 million in total, creating more than 13,600 new jobs. The program is continuing with new elements, providing best in class technical assistance and training for local financial institutions and banks in

the rural regions of Azerbaijan.

From 2008, BP and its co-venturers supported the Advisory Services on Macroeconomic Management and Institutional Reforms (ASMMIR) project, which was implemented by the Centre for Social and Economic Research (CASE), a Warsaw-based think tank. This \$1.25 million project aimed to enhance economic planning capacity in Azerbaijan by improving forecasting skills and economic policy analysis by the Ministry of Economic Development (MED). The project was successfully completed in January 2012.

Today, the activities of BP and its co-venturers in Azerbaijan continue to create opportunities for local economic development, not only through the creation of employment opportunities, but also through the procurement of local goods and services, and improve the communities through social and development projects. For us it is a matter of being a reliable corporate citizen. ■

Short bio:

Seymour oversees BP's external relations, non-technical risk management, reputational matters and security related issues. He joined BP in 2006 with responsibility for government and international NGO relations. Previously he was head of the US – Azerbaijan Chamber of Commerce in Washington, DC.