



**Contracting Authority: Delegation of the European Commission to Georgia**

**European Neighbourhood Programme for Agriculture and Rural Development  
In Georgia (ENPARD Georgia): Small Farmers Co-operation component**

**Programme: Strengthening Farmers Cooperatives  
In Rural Municipalities of Georgia**

**Duration of Grant: 01 January 2014 – 31 December 2017**

**Year 3 Interim Report (January - December 2016)**



**The Cooperative Chkvishi in Imereti region. Cucumber greenhouse.**

## **Implementing Agencies**

**Lead agency:** Mercy Corps

**Partners:**

- 1) Association of Business Consulting Organizations of Georgia (ABCO)
- 2) Union Agro-Service
- 3) Georgian Institute of Public Affairs (GIPA)

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## **List of Acronyms used in the Report**

ACDA	Agriculture Cooperatives Development Agency
ABCO	Association of Business Consulting Organizations of Georgia
ASP	Agricultural Service Providers
BI	Business Idea Form
DGRV	German Cooperative and Raiffeisen Confederation
ECU	ENPARD Communication Unit
EOI	Expression of Interest Form
FAQ	Frequently Asked Questions
FG	Farmers' Group
GAARD	Georgian Alliance of Agriculture and Rural Development

GIPA	Georgian Institute of Public Affairs
ICC	Information Consultation Centre
ISSET	International School of Economics at Tbilisi State University
M&E	Monitoring and Evaluation
MOA	Ministry of Agriculture
PSC	Programme Selection Committee

## 1 Description

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### 1.1. Name of Coordinator of the grant contract:

Mercy Corps

### 1.2. Name and title of Contact person:

Zoe Hopkins

Senior Programme Officer

### 1.3. Name of Beneficiary(ies) and affiliated entity(ies) in the Action:

Lead Agency: Mercy Corps

Partners:

- 1) Association of Business Consulting Organizations of Georgia (ABCO)
- 2) Union Agro-Service
- 3) Georgian Institute of Public Affairs (GIPA)

### 1.4. Title of the Action:

Strengthening Farmers Cooperatives in Rural Municipalities of Georgia

### 1.5. Contract number:

2013/331-355

### 1.6. Start date and end date of the reporting period:

1<sup>st</sup> January 2016 – 31<sup>st</sup> December 2016

### 1.7. Target country(ies) or region(s):

Country: Georgia

Regions: Samtskhe-Javakheti, Imereti, Kvemo Kartli, Shida Kartli & Kakheti

Municipalities: Sachkhere, Chiatura, Vani, Samtredia, Gori, Kareli, Khashuri, Kaspi, Gardabani, Marneuli, Tetritskaro, Sagarejo, Gurjaani, Kvareli, Sighnaghi, Dedoplistskaro, Akhalkalaki, Ninotsminda, Aspindza, Akhaltsikhe & Adigeni

### 1.8. Final beneficiaries &/or target groups<sup>1</sup> (if different) (including numbers of women and men):

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<sup>1</sup> "Target groups" are the groups/entities who will be directly positively affected by the project at the Project Purpose level, and "final beneficiaries" are those who will benefit from the project in the long term at the level of the society or sector at large.

74 Cooperatives  
64 Agricultural Service Providers  
140 staff of government sector  
21 Municipalities  
100,000 farming households

**1.9. Country(ies) in which the activities take place (if different from 1.7):**

N/A

## **2 Assessment of implementation of Action activities**

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### **2.1 Executive Summary of the Action**

Over the past 3 years the programme witnessed a huge response from farmers' groups and cooperatives wishing to further develop their businesses and increase their technical capacity. In the announced 6 full cycles of applications accepted during the three years of programme implementation 665 farmers' groups and cooperatives participated. The Programme Screening Committee (PSC) selected 254 applicants which met the basic criteria to advance to a 4-day Business Planning training. On the last day of the training the participants were required to complete the business idea forms which were later evaluated by the PSC. Subsequently, 168 Cooperatives out of 254 succeeded in moving to submission of full business plans. Only 146 Cooperatives out of 168 submitted the full business plans. The Programme has concluded a total 76 Sub-grant Agreements with the selected Cooperatives. 3 out of 76 Sub-grant Agreements were cancelled due to non-fulfilment of the grant beneficiaries' obligations. As of 31st December, 2016, the Programme has 73 Sub-grant Agreements in place. To achieve the planned increased number of 74 Cooperative Agreements, Mercy Corps intends to select the missing Cooperative in collaboration with the ACDA based on their recommendation. Immediately, following the signing of the sub-grant agreement with the selected cooperatives, and on receipt of their agreed co-financing contribution, Mercy Corps started procurement of all assets agreed upon under the cooperative's business plan.

As Finances and Accountancy still remain weak points of the Cooperatives, the Programme plans to continue to build the Cooperatives capacity in these areas. To ensure that the beneficiary Cooperatives operate according to standard business practice principles and their businesses are sustainable, the Programme will support the Cooperatives in developing three-year business sustainability plans.

The Programme continues supporting ASPs through financial assistance to improve their businesses. During the three years of Programme implementation in total 229 ASPs applied to the programme. Based on the selection process 113 ASPs were selected to submit business plans and budgets for review and evaluation. By the end of year three, 65 target funding agreements are in force, exceeding the planned indicator by 1. Incentives offered to the cooperatives by the ASPs are as follows: (i) 5 to 10% discount for purchases of goods and services; (ii) free consultation; (iii) free delivery service; and (iv) favorable post -payment terms. To support linkages between the agricultural cooperatives and ASPs, the Programme organized 2 agricultural fairs in the Shida Kartli and Samtskhe-Javakheti regions, where around 60 service providers and other actors exhibited their products, such as input suppliers, mechanization centres, nurseries, irrigation system suppliers, microfinance institutions, insurance companies, NFA, LMA and milk processors. All cooperatives registered in these areas were invited to the fair. The agricultural fairs served as a place for dialogue between agricultural cooperatives, agricultural service providers, financial institutions and the government at the regional and national levels. Those fairs acted as a catalyst to a process of developing 45 formal agreements concluded between ASPs and Cooperatives.

Following the 21 municipal fora held by the end of 2015, the regional fora were held in each of the 5 target regions in early 2016. These fora allowed the representatives of cooperatives, ASPs and ICCs to discuss the most acute challenges hindering the cooperative development in rural areas of Georgia. Two sectoral fora were held in the specific fields of apiculture and potato sectors. These fora were attended by the cooperatives selected under the ENPARD Programme by all four ENPARD implementing agencies. These fora led to the establishing of Steering Groups (SGs) in all 5 regions. The purpose of the Steering Group is to oversee current activities in the development of farmers' cooperatives in the region and coordinate the efforts of regional stakeholders in order to improve development and sustainability of cooperation in the region. The

composition of SGs is as follows: representatives of cooperatives, ASPs, ICCs and LAs. As a result of the close collaboration between the Programme and the Ministry of Agriculture (MoA), our Programme delivered a number of the trainings in the six priority topics for the ICC representatives from 40 municipalities. Notwithstanding the Parliamentary elections followed by certain changes in a number of key positions at the MoA, the ties between the Programme and the MoA are still strong and reliable. Finally, the programme continues supporting the Agricultural Cooperative Development Agency (ACDA) in its development of agricultural projects. The Programme is working closely with ACDA and strengthening its capacity through inviting ACDA to participate in the Study Tours arranged by the Programme.

During the reporting period the Programme delivered the planned trainings (see details in A1.4). The following trainings in (i) Accounting; (ii) Value Chain Development; (iv) New Agricultural Technologies; (v) Animal Husbandry for the Programme stakeholders are anticipated in the final year of the Programme.

## 2.2 Activities and Results

### Assessment of Results of Action to Date

Since the initiation of the programme in January 2014 more than 1,600 farmers' groups in Georgia have registered as cooperatives and have received the status of Agricultural Cooperative by the ACDA. It is worth mentioning that one of the main purposes of registering farmer's groups as cooperatives was to ensure they would be eligible for ENPARD grant support. Therefore, as the Programme is closing to its end, the number of cases of registration of cooperatives has drastically reduced in 2016. It is not yet certain how many of these cooperatives will develop into strong, viable business entities and how many will struggle to meet their operational and financial requirements and the demands of cooperation. Mercy Corps spent three years of the Programme selecting the strongest 74 Cooperatives out of the 665 applicants. ACDA strengthened monitoring of the Cooperatives beyond the Programme and currently around 250 Cooperatives are suspended. None of these suspended cooperatives had received Mercy Corps grants which confirms that the Cooperatives under the Programme proved to be stronger, more sustainable and viable.

To assess the results of the support provided to these cooperatives Mercy Corps is using two M&E tools. The first is the Annual Cooperative Evaluation Tool agreed and endorsed by all ENPARD implementing agencies which will enable the establishment of a clear picture of the Programme impact by the end of 2017. The second is the Monthly Monitoring Tool, which allows observing performance progress of the Cooperatives on a monthly basis. These tools provide the data to assess whether the Programme meets the goals of increasing agricultural output of the target beneficiaries (**Specific Objective 1**) and whether the operational capacity and business transactions of the cooperatives are increased (**Specific Objective 2**). At this stage, the cooperatives' annual survey for the year 2015 has been completed for 36 cooperatives from the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> cycles. As shown in the survey results, 24 cooperatives who have received grants have increased their net income by 21%. Main findings from the survey for these 24 cooperatives can be found in Annex 1 of this report. The annual cooperatives' survey for 2016 will be launched in January 2017 and all 74 cooperatives will be invited to participate. The report will be available in the 1<sup>st</sup> Quarter of 2017.

By the end of the reporting year a total of 65 ASPs were selected under the 2<sup>nd</sup> Component of the Programme. It used to be quite a time-consuming process as the purpose of it was to identify and select the ASPs being most capable to provide quality services on favourable terms to small farmers and the Cooperatives (**Specific Objective 3**). The tool for selection of ASPs was described in detail in the previous Annual Report. In autumn of 2016, the Annual Survey of ASPs was carried out for 26 ASPs from the 1<sup>st</sup> and 2<sup>nd</sup> Cycles. The Survey Report is annexed to this Report as Annex 2. Income increased for these ASPs by 57%. The next Annual Survey will take place in 2017 and will cover all ASPs under the ENPARD Programme.

Mercy Corps ENPARD Programme strengthened the relations between the Cooperatives, ASPs, ICCs, LAs and National Government which facilitated the establishment of 7 fora: 5 regional and 2 sectoral (apiculture and potato sectors). These fora acted as a platform for Cooperatives, ASPs, government agencies and other stakeholders to network, identify challenges, forge business relations and learn more about each other's activities (**Specific Objective 4**). Later on the regional fora boosted the establishment of Steering Groups (SGs). By the end of 2016, the SGs have carried out 6 advocacy/lobbying activities to support a more enabling environment in which all cooperatives – not only those supported directly by the Programme – can develop and thrive.

**Expected Result 1: Farmers' Cooperatives have strengthened their business capacity to enable small scale farmers to sustainably and environmentally increase food production.**

**Indicator 1.1 74 business-oriented farmers' groups (agricultural cooperatives) with at least 1400 members**

By the end of the year 2016, 73 cooperatives were selected for grant support and relevant Sub-grant agreements were signed. Total membership of these cooperatives is 663 (36.5% out of which is female, which is an average of 9 members per cooperative).

**Indicator 1.2 800 members of 74 business-oriented FGs (agricultural cooperatives) trained in business related skills and agricultural technologies.**

By the end of the reporting period, in total 149 trainings were delivered in business related skills and agro technologies. Overall, 1007 members of 281 FG and cooperatives were trained.

**Indicator 1.3 By the end of the programme at least 70 business-oriented FGs reached operational and financial sustainability**

To be determined at the end of the programme.

**Indicator 1.4 Sales of agricultural products by FGs members increased with 50%**

2<sup>nd</sup> Annual Cooperative Assessment will be conducted at the beginning of 2017 and the survey report will be developed in April, 2017.

**Indicator 1.5 70 Three-year sustainability plans developed by the business-oriented FGs**

Sustainability plans will be developed during the last year of programme implementation. The FGs are aware that this will be an activity that the programme will help guide them in developing, and is anticipated to start in April 2017.

**Indicator 1.6 At least 74 FGs received financial support from the programme**

Presently there are 72 ongoing Sub-grant Agreements with cooperatives. By the end of the reporting period procurement of the assets is in progress with 58 cooperatives, out of which provision of the assets has been finalized with 51 cooperatives. Selection of the last 2 beneficiary cooperatives and the procurement process with all remaining cooperatives will be finalised in summer, 2017.

**Indicator 1.7 80% of the business-oriented FGs utilize environmentally friendly technologies**

Information will be gathered in the Annual Cooperative Assessment in the beginning of the year 2017.

**Result 1: Farmers' Cooperatives have strengthened their business capacity to enable small scale farmers to sustainably and environmentally increase food production.**

**A1.1. Information campaign in the target municipalities**

In the year 3 the Programme opened the 6th cycle call for the applications for registered cooperatives with changed terms. Only those cooperatives who did not apply in previous cycles and any cooperative where the majority of members are women were eligible to participate in this call. In the same year, the 3rd and 4th cycle calls for the ASPs were opened. The 4th cycle was opened for only those ASPs being capable of completing the updated business plans and providing at least 50% cash contribution.

Prior to the launch of any call for cooperatives and ASPs, information stickers were posted at all RICC offices and in municipal public places. The call announcements were available on Mercy Corps' and ENPARD's websites.

The Regional Coordinators conducted individual meetings with interested ASPs and Cooperatives in all 21 target regions.

## **A1.2 Baseline survey**

The baseline survey was completed and the results were provided in the first annual report.

## **A1.3. On-going market analysis**

As a majority of the selected Programme beneficiary cooperatives are operating in the apiculture and potato sectors, Mercy Corps opened a call for applications for interested individuals and organizations to apply to conduct an on-going market analysis of the honey and potato sectors in the Programme target regions. An agreement with the selected company has been signed and market analysis reports for apiculture and potato sectors will be developed by the end of April, 2017.

## **A1.4 Preparation and updating of training materials**

The partner organization Union Agroservice prepared the training curricula and relevant materials for the trainings in food safety, modern technologies and environmental safety specifically for those cooperatives and ASP representatives working in the potato, cereal, apiculture and livestock sectors.

All trainers were selected and trainings started from mid-May.

The Cooperatives' needs assessment carried out by the end of 2015 showed that the beneficiary cooperatives required additional support in financial management. Therefore, ABCO designed a 2-day training in Financial and Tax Accounting for the managerial staff of the selected agricultural cooperatives.

This training provided the cooperatives' managers with information on the financial obligations that they have to follow when running an agricultural business.

A curriculum for the training that includes the following topics:

- ✓ General principles of financial accounting
- ✓ Balance sheet structure and its description
- ✓ General overview of double entry accounting, ledger and accounting journal.
- ✓ Long-term assets evaluation and accounting
- ✓ Types of liabilities and its accounting
- ✓ Inventories evaluation and its accounting
- ✓ Overview of Profit and loss statement and cash flow statement
- ✓ Financial documentation needed for proper accounting
- ✓ Overview and description of web portal [www.rs.ge](http://www.rs.ge) (electronic tax accounting system)
- ✓ Income tax – rate, calculation, due dates, Income tax declaration forms, and overview of tax benefits set for agribusiness activities;
- ✓ Profit tax - rate, calculation, due dates, profit tax declaration form, and overview of tax benefits set for agribusiness activities;
- ✓ Property tax - rates, calculations, due dates, property tax declaration forms and overview of tax benefits set for agribusiness activities;
- ✓ Taxation of dividends and interest rates.

Besides the business trainings and consultations, another most important aspect of the Programme is the awareness raising on modern technologies and environment-friendly practices among the agricultural cooperatives and ASPs. Practical use of modern technologies by the cooperatives will contribute to the increase of agricultural produce and improve the quality of production. The above-said will be directly reflected in incomes of cooperative members and, in general, will boost the development progress of the Cooperatives.

As ASPs adopt modern technologies their service quality improves as well as diversifying the offered services which will allow them to attract new customers. For this purpose, Agroservice has delivered a spectrum of trainings and the respective curricula can be viewed below:

## **Industrial Bee-Keeping Development**

- ✓ Reference on the development of beekeeping;
- ✓ Inventory of apiary, apiarist calendar and records;
- ✓ Bee biology, the bee family composition;

- ✓ Maintenance of the bee – layout of hives and work rules, bee nest, nest expansion and constriction, poor families unification, preparation of families for winter and insulation, attacks-theft between bees;
- ✓ Bee feeding: irritating and store;
- ✓ Bee products: honey, propolis, pollen, beehives bird food, wax, mother royal jelly;
- ✓ Bees artificial breeding methods and natural swarm;
- ✓ Bee diseases: infectious diseases (infectious and invasive, and the European-American Bastards, Askosporoze, Aozematoze, Aaroatsoze, Akaratsidoze);
- ✓ Bee disease prevention and treatment;
- ✓ Non-communicable diseases: Manana poisoning, pesticide poisoning, false pregnancy, dead birds;
- ✓ Bee pests and enemies (wax moth, ant, bee wolf, a wasp, a mouse, kvirioni).

### **Modern Growing Technologies of Strawberry, Raspberries, Berries; Introduction of environment-friendly Practices for Berry Growing Process.**

- ✓ Main directions of berry production;
- ✓ Traditional and modern technologies and means of berry production;
- ✓ Features of main berry varieties, phases of their growing and treatment types;
- ✓ Requirements of berries against environment conditions, methods and means to affect these conditions;
- ✓ Complex treatment of Berries: irrigation, irrigation methods and systems, chemical and bio medicines, methods and means against weeds, pests, diseases, herbal infusions, stimulators;
- ✓ Crop rotation and mulch types;
- ✓ Sapling translocation;
- ✓ Soil fertility improvement methods and means;
- ✓ Environment protection issues in berry development - ecological agriculture;
- ✓ Define economical cost-effectiveness of berry production.

### **Innovations in Irrigation Technologies for Berry Orchards**

- ✓ Negative results of gravity flow irrigation;
- ✓ Advantages of drip irrigation systems;
- ✓ Drip irrigation hoses for different annual and perennial crop irrigation;
- ✓ Drip irrigation hoses (strawberry, raspberries, berry);
- ✓ Filters on irrigation systems;
- ✓ Fertilizer mixer;
- ✓ Applying plant protection means – reduction of negative impact on environment.

### **Use of Mechanization for Berry Production**

- ✓ Machinery technologies for raised-bed, irrigation system installation and mulching;
- ✓ Advantages of the raised-bed;
- ✓ Soil preparation: horizontal and vertical engraving;
- ✓ Soil-mellowing and raised-bed making combined machine with horizontal engravers;
- ✓ Growing agricultural crops on the raised-bed and advantages of combination of drip irrigation systems;
- ✓ Fertilization, mulching;
- ✓ Combined technological equipment;
- ✓ Usage of second-hand mulch in warehouses;
- ✓ Main advantages of combined technologies.

### **Modern Technologies of Vegetable Growing, Bio-production Issues and Introduction of Environment- friendly Practices in the Vegetable Growing Process**

- ✓ Main directions of vegetable growing;
- ✓ Traditional and modern methods and means for vegetable growing
- ✓ Characteristics, phases of their growing process and treatment ways of main vegetable crops (cucumber, potato, lettuces, etc.)
- ✓ Nightshade family vegetables with fruits;



- ✓ Attitude of the nightshade family vegetables towards the environment and the methods and tools to address environmental issues.
- ✓ Vegetable crops seed production;
- ✓ Preparation for sowing seeds, vegetable crop varieties, hybrids and GM organisms and their comparative analysis;
- ✓ Complex care of vegetables and fruits: watering, irrigation methods and irrigation systems, weed control, and chemical and bio medications, means and methods, herbal tinctures, stimulants, EM medications against pests, disease control;
- ✓ Crop rotation, alternating between cultures, mixed crops, mulch, mulch faces, neighbouring of vegetables crops;
- ✓ Breeding seedlings and replanting;
- ✓ Soil fertility raising methods and tools;
- ✓ Environmental issues in the development of vegetable gardening - ecological agriculture
- ✓ Comparative analysis of cultivation methods and directions of vegetable crops;
- ✓ Advantages of drip irrigation systems, its importance and economic results, sharing experiences;
- ✓ Modern machinery manufacturing technology for vegetables growing

### **News of Irrigation Systems in Vegetable Growing**

- ✓ Adverse consequences of flood irrigation;
- ✓ Advantages of drip irrigation system;
- ✓ Drip irrigation hoses to use for a variety of annual and perennial crop irrigation;
- ✓ Drip irrigation hoses (for various vegetables crops);
- ✓ Filters for the drip system;
- ✓ Fertilizer mixer;
- ✓ Application of plant protection means – reduction of the negative environmental impact.

### **Use of Modern Mechanization for Vegetable Growing**

- ✓ Technological operations of tomatoes, onions, melons, watermelon, pepper, garlic, green salad and other vegetables;
- ✓ Modern machinery manufacturing technology for vegetables and fruits;
- ✓ Preliminary soil preparation: horizontal and vertical processing with engravers;
- ✓ Border strip makers;
- ✓ Sowing machines on border strips for a variety of vegetable and melon crops;
- ✓ Melons (melon and watermelon) seeds compartment tools;
- ✓ Planting tools for various vegetable seedlings;
- ✓ Universal pneumatic sowing machines for vegetables and fruits;
- ✓ Universal seedling planting machines for vegetables (tomatoes, peppers, eggplant);
- ✓ Sprinkling irrigation system for vegetables;
- ✓ Flood irrigation systems for vegetable beds;
- ✓ Drip irrigation systems for vegetables;
- ✓ Inter-row cultivators, engravers, herbicide applicator machines, sprayers for open-field vegetables;
- ✓ Harvesting machinery and equipment for vegetables;
- ✓ Melons on border strips and mulch;
- ✓ Cultivation method of square watermelons.

### **Fruit Growing (Gardening)**

- ✓ Garden area selection, design, soil preparation;
- ✓ Modern intensive garden cultivation and complex measures of care;
- ✓ Seed fruits production (persimmons, grapes, strawberries, raspberries);
- ✓ Promising varieties of fruit trees and rootstocks selection;
- ✓ Fruit trees pruning and forming principles.

### **Modern Varieties of Potato Seeds**

- ✓ Factors defining variety advantages;

- ✓ Agro and economic factors of different varieties were discussed (Implanta, Faluka, Arinda, Arnova, Arozona, Marfonia, Agria, Ambition, Picasso, Markiz);
- ✓ Advantages of chips potatoes and advantages of its growing;
- ✓ New varieties and their characteristics (Volera, Excellence, Performer);

### **Irrigation Systems, Their Advantages and Differences in the Use of Various Cultures**

- ✓ Advantages;
- ✓ Saving irrigation water (about half compared to drip);
- ✓ Unfavourable conditions for weeds;
- ✓ Reduction of fertilizer norms (fertilization possibility);
- ✓ Exclusion of erosion;
- ✓ Maximum automatization;
- ✓ Diversity of irrigation pipes.

### **Plant Protection Products, Their Use of Methods, Rules, Terms, and Recommendations**

- ✓ Pesticide usage and storage rules;
- ✓ Pesticide usage dates and dosage calculation methods for different cultures;
- ✓ Health protection rules for the use of pesticides;
- ✓ Environmental protection issues and rules during pesticide usage

### **Fruit Harvesting and Storage; Organic Fruit Production; Nursery Development, Seedling Production**

- ✓ Production of berries (plums, cherries, apricots, pomegranate);
- ✓ Selection of prospective varieties and rootstocks of fruits;
- ✓ Main diseases of fruits and protection measures;
- ✓ Environment protection measures;
- ✓ Fruit harvesting and storage technologies;
- ✓ Organic fruit growing major aspects;
- ✓ Nursery structure;
- ✓ Types of rootstocks and their importance
- ✓ Seedlings breeding;
- ✓ Rootstocks breeding methods;
- ✓ Vegetative propagation methods and periods;
- ✓ Sapling cultivation;
- ✓ Agricultural and technological schemes to be carried out in the nursery

### **Using Modern Mechanization in the Orchards and Nurseries in Kvareli, and Gurjaani**

- ✓ Data collection and adjusting to the plot;
- ✓ Irrigation systems design;
- ✓ Technical structure of the drip irrigation system, its advantages and importance;
- ✓ Adverse consequences of free flow irrigation;
- ✓ Drip irrigation system advantages;
- ✓ Drip irrigation hoses to use for a variety of annual and perennial crops irrigation;
- ✓ Drip irrigation hoses (for various vegetable crops);
- ✓ Filters on drip system;
- ✓ Applying plant protection products – reducing the negative environmental impact.

### **Fruit Growing Specifics for Kakheti Region**

- ✓ Analysis of survey results and general conditions regarding preferred fruit species and varieties in Kakheti region;
- ✓ Modern technologies for sapling production;
- ✓ Main directions of nurseries;
- ✓ Main principles of fruit nursery establishment;
- ✓ Success and advantages of intensive orchards;
- ✓ Use of different root-stocks;

- ✓ Necessity and methods of fruit orchards pruning, periods, previous stages;
- ✓ Tree trunk formation stages
- ✓ Thinning methods;
- ✓ Important issues of orchard agri-techniques (fertilization, plant protection);
- ✓ Irrigation;
- ✓ Structures of retaining system;
- ✓ Intensive orchard treatment dynamics and orchard productivity by years;
- ✓ Timely harvesting, proper sorting, packaging and storage.

#### **Fruit production modern approaches, intensive technology methods. Recommendations for production of perennial crops in Kakheti”**

- ✓ Georgia's orchards types;
- ✓ Intensive and semi-intensive orchards - fruit rootstocks;
- ✓ Different fruit species and varieties (apples, subtropical persimmon - Khachia, table grapes, cherry, plum, peach, nectarine, Chandler variety of nuts;
- ✓ Advantages of modern intensive gardens - height, pruning, picking, spraying, early harvests, more productivity, the quality of the harvest;
- ✓ Garden selection;
- ✓ Soil preparation, including mechanization;
- ✓ Analysis of the soil and application of organic fertilizers;
- ✓ Planting fruit trees, including mechanization;
- ✓ Soil cultivation system in the gardens – fighting against weed;
- ✓ Garden pruning;
- ✓ Diseases;
- ✓ Drip irrigation;
- ✓ Fruit processing;
- ✓ Harvest (mechanical and hand-picking), including mechanization;
- ✓ Harvest sorting, packing, storage;
- ✓ Permissible storage periods of different fruits in certain circumstances.

#### **The recommendations for crop, berry, potato, fruit and vegetables production**

- ✓ Technological cycle of the business
- ✓ Diseases and preventive measures
- ✓ Harvest and post-harvest handling
- ✓ Use of chemicals and materials recycling.

#### **A1.5. Support with creation of business-oriented FGs**

The first screening of the 5th cycle cooperative applicants was held on 4th February, 2016. 25 cooperatives out of 91 were selected and invited to attend the 4-day business planning trainings. Following the delivery of the business planning training, the MC consortium selection committee evaluated the 24 business idea forms submitted by the 5th Cycle cooperatives on the last day of the business trainings. 12 business ideas were approved by a majority of the 5 committee members and the cooperatives were requested to prepare a full business plan. Deadline for the submission of these business plans was set for June 13th.

To increase awareness of the women driven cooperatives and provide an opportunity for the newly established ones, on 25<sup>th</sup> July 2016, Mercy Corps opened the 6<sup>th</sup> cycle call for applications with the changed terms. Only those cooperatives who did not apply in previous cycles and any cooperative where the majority of members are women were encouraged to participate in this call.

60 Expression of Interest forms were submitted by the cooperatives and evaluated by the Mercy Corps' consortia selection committee in August. 27 cooperatives were invited to attend a 4-day business planning training. 33 cooperatives did not meet the basic criteria of the Programme. Their business ideas were not deemed feasible within the budgetary parameters. In addition, some applications were not focused on an agricultural activity or the application was incomplete and there was not enough information to make a decision and, accordingly, those have been rejected.

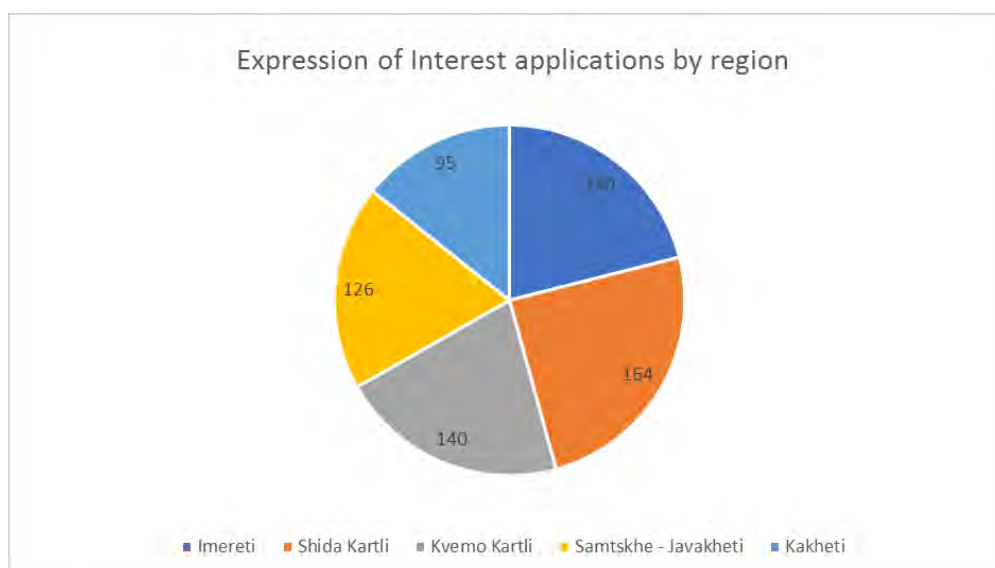
In September, 2016, on the last day of the business trainings, 25 cooperatives filled in business idea forms and submitted them for evaluation to the consortia selection committee. In early October, PSC held a meeting and as in previous cycle evaluated the 25 BI (Business Idea) forms based on three standard criteria and 20 cooperatives were selected to develop full business plan.

The number of submitted EOIs per cycle to date is shown below in **Table 1**:

**Table 1**

Region	Municipality	1 <sup>st</sup> Cycle	2 <sup>nd</sup> Cycle	3 <sup>rd</sup> Cycle	4 <sup>th</sup> Cycle	5 <sup>th</sup> Cycle	6 <sup>th</sup> Cycle	Total by Municipality
Imereti	Vani	21	5	8	9		1	44
	Samtredia	4	3	3	6		1	17
	Sachkhere	9	27	7	5		0	48
	Chiatura	4	14	8	3		2	31
Shida Kartli	Gori	5	23	25	15		5	73
	Kareli	1	1	6	2		4	14
	Khashuri	7	4	18	12		7	48
	Kaspi	3	4	12	4		6	29
Kvemo Kartli	Gardabani	2	1	22	9		1	35
	Marneuli	8	10	16	8		3	45
	Tetritskaro	1	40	8	10		1	60
Samtskhe - Javakheti	Akhalkalaki	2	0	7	15		3	27
	Ninotsminda	1		6	5		2	14
	Aspindza					23	4	27
	Adigeni					22	1	23
	Akhaltzikhe					35	0	35
Kakheti	Kvareli	2	2	2	9		5	20
	Sagarejo	2	5	7	12		6	32
	Gurjaani	5	4	11	5		5	30
	Dedoplistskaro					5	0	5
	Signagi					5	3	8
<b>TOTALS</b>		<b>77</b>	<b>143</b>	<b>166</b>	<b>129</b>	<b>90</b>	<b>60</b>	<b>665</b>

**Diagram 1. Expression of Interest applications by region:**



#### A1.6. Trainings for selected members of FGs

During the reporting period, all due trainings were delivered as per Programme schedule. As the third year was a mature period of the Programme, most key entities had been identified. Therefore, this was the year where the majority of trainings were delivered as scheduled and even more were conducted based on the needs and resourced by Mercy Corps. The trainings in a variety of topics were delivered by the 4 partner organizations: ABCO, The Union Agroservice, GIPA and MC. Information on delivery of the above trainings is given below:

##### ABCO delivered:

- Six 2-day **Financial Management trainings in Financial and Tax Accounting** were attended by 70 representatives from 37 beneficiary cooperatives from all Programme target regions. This training provided the cooperative managers with information on the financial obligations that they have to follow when running an agricultural business.
- Three 4-day **Business Planning trainings** for 49 representatives from 25 cooperatives in the 5<sup>th</sup> Cycle covering the 5 'new' programme target municipalities. The same representatives were provided with an additional half-day training by GIPA's Legal and Outreach Specialist covering the law and regulations related to agricultural cooperatives and cooperation and the Georgian tax code. By the end of these trainings 24 cooperatives (out of 25) submitted the Intermediate Business Idea forms for evaluation.
- Four 4-day Business Planning trainings for 40 representatives from the 25 cooperatives in the 6<sup>th</sup> Cycle. The same representatives were provided with an additional half-day training by **GIPA's** Legal and Outreach Specialist about the amendments to the law of agricultural cooperatives and the Georgian tax code.

##### The Union Agroservice delivered:

- One 2-day training for potato farmers on agro- biological processes and ecological factors, namely **New agricultural techniques and technologies**, attended by 16 persons representing 6 cooperatives (12 member) and 1 ASP (4 representatives) supported by the programme.

- Two 1-day trainings on **Cereal Production and Modern Farming Technologies**, both attended by 32 persons representing 16 cooperatives (32 members) and 2 ASP (4 representatives) supported under the MC ENPARD programme.
- One 2-day training in **Livestock Husbandry** and a 1-day training in **Sheep Farming** and a 2-day training in **Beekeeping**. Animal husbandry trainings were attended by 20 representatives from 15 cooperatives and the beekeeping training was attended by 7 members from 7 cooperatives and 4 ICC representatives from the Imereti region.
- One 2-day training was held in **Industrial Bee-Keeping Development** for the 12 representatives from 6 cooperatives.
- 1-day training in berry production: **Modern Growing Technologies of Strawberry, Raspberries, Berries; Introduction of Environment- friendly Practices for Berry Growing Process** for the 10 representatives from 7 cooperatives in the Imereti region.
- 1-day training in **Innovations in Irrigation Technologies for Berry Orchards** was conducted in Kutaisi in July 2016. The training was attended by 12 people representing 7 agricultural cooperatives.
- 1-day training was conducted in the **Use of Mechanization for Berry Production** in Kutaisi. The training was attended by 10 representatives from 5 cooperatives.
- 1-day training in **Modern Technologies of Vegetable Growing, Bio-production Issues and Introduction of Environment- friendly Practices in the Vegetable Growing Process** in the Imereti region was attended by 11 members of 6 cooperatives; 2 representatives from 2 ASPs and 1 ICC employee.
- 1-day training on **News of Irrigation Systems in Vegetable Growing** was held with 14 attendees (9 members of 5 cooperatives; 4 representatives from 4 ASPs and 1 ICC).
- 1-day training in **Use of Modern Mechanization for Vegetable Growing** was attended by 10 members from 5 cooperatives; 3 representatives from 2 ASPs and 1 ICC.
- Two 2-day trainings in **Fruit Growing (Gardening)** was attended by 55 persons representing 6 cooperatives (8 members) and 22 ASPs (30 representatives) and 4 ICCs (10 employees).
- 1-day training in **Modern Varieties of Potato Seeds** was attended by potato farmers: 29 persons representing 21 cooperatives (21 members) and 8 ASPs (8 representatives).
- 1-day training in **Irrigation Systems, Their Advantages and Differences in the Use of Various Cultures** was attended by 14 members from 12 agricultural cooperatives and 12 representatives from 12 ASPs.
- 1-day training in **Plant Protection Products, Their Use of Methods, Rules, Terms, and Recommendations** was attended by 29 persons representing 18 cooperatives (22 members) and 7 ASPs (7 representatives).
- 2-day training in **Fruit Harvesting and Storage; Organic Fruit Production; Nursery Development, Seedling Production** was attended by 1 member from 1 cooperative; 16 representatives from 13 ASPs and 9 employees from 4 ICCs.
- Two 1-day trainings delivered in **Using Modern Mechanization in the Orchards and Nurseries**.
- Three 1-day trainings in **Fruit Growing Specifics for Kakheti Region** covering “Fruit production modern approaches, intensive technology methods. Recommendations for production of perennial crops in Kakheti” attended by 147 representatives including 86 representatives from 63 ASPs, 50 from 12 cooperatives, 9 ICC employees and 2 local authority representatives.

## On Site Trainings

- On site trainings in **New Technologies and Environment-friendly Practices** delivered during the visits to 17 beneficiary cooperatives engaged in potato, horticulture, viticulture and crop farming. In total 125 members of those 17 cooperatives attended the trainings. As a result, a number of sector specific recommendations were provided for each cooperative.
- **MC** delivered a half day on-site training in **Livestock Husbandry** for 23 beneficiary cooperatives attended by 188 members of 23 beneficiary cooperatives. In order to support their proper functioning written recommendations were provided to each of the cooperatives.

Table 2 below gives more detailed accumulative figures regarding the trainings for FGs and cooperatives.

**Table 2. Trainings for Farmers Groups & Cooperative Members**

Trainings for Farmers Groups & Cooperative Members											
Region	Number of Trainings Delivered							Number of participants		Number of FGs Trained, and Their Respective members	
	Farmer Cooperation Principles	Business planning	Financial Management	Agri-Technologies and Environment	Trainings for lobbying groups	Livestock and Husbandry	Total N	Cooperatives / Farmer Groups	Attendees	Cooperatives / Farmer Groups	Farmers / Cooperative Members
Kakheti	4	6	1	9	1	7	28	78	199	34	149
Shida Kartli	9	7	2	9		3	30	118	276	67	230
Kvemo Kartli	9	7	1	3		9	29	140	323	66	227
Samtskhe-Javakheti	4	7	1	9		5	26	125	277	63	207
Imereti	8	9	1	12	1	6	37	146	344	52	195
<b>Total:</b>	<b>34</b>	<b>36</b>	<b>6</b>	<b>42</b>	<b>2</b>	<b>30</b>	<b>149</b>	<b>607</b>	<b>1419</b>	<b>281</b>	<b>1007</b>

The above listed trainings were of utmost interest to FGs and other attendees. In their reflections shown in the Monitoring documents they acknowledge the benefit of the skills and information gained through the trainings and state that these will greatly help them in their future activities.

**Activity 1.7. Support the development of viable business plans by FGs and selection of best ones for sub-grants.**

Following the Business Planning trainings and approval to move to full business plan preparation, the FGs were provided with a template formulated by ABCO. The FGs were given one month to produce the business plan and project budget and, during this period, ABCO consultants scheduled visits to the regions to provide advice and support in the drafting of the plan. In addition, the consultants were also available for support via telephone and email. The applicants were provided with the criteria by which the business plan and budget would be scored, so that they were able to see the emphasis placed on each specific aspect of the plan. The said criteria are as follows:

- Quality of the business plan
- Viability of the business plan
- Realism of the budget
- Realism of sales plan and financial calculations
- Clarity of marketing vision
- Previous experience of working in chosen sector
- Previous experience of cooperation (informal or formal)
- Strength of cooperative model
- Level of co-investment
- Potential for expansion of cooperative

The PSC requires approximately a month to evaluate all plans. The scoring for the plans was out of 100 points and it had been decided that the threshold score for a successful application was 70 points. Starting from the 4<sup>th</sup> cycle cooperatives, there was no 'reserve list' anymore and if three or more members of the PSC scored the plan by 70 points or more, then the application was successful, otherwise it had to be rejected.

#### 4th Cycle Cooperatives

In January and February, 2016, ABCO delivered business consultations for the development of the business plans to 30 cooperatives from the 4<sup>th</sup> cycle that were in the business plan preparation phase. The deadline for submission of the business plans was the 12<sup>th</sup> February. On the 15<sup>th</sup> March the MC ENPARD Selection Committee evaluated 31 Business Plans and selected in total 22 cooperatives by simple majority of votes. The committee members then visited the selected cooperatives in order to make the final decision on whether to provide financial support. Based on the site visit the Committee made the final decision to support 18 cooperatives out of 22. Four cooperatives were rejected due to an inadequate assessment of the conditions of the business operation, or their cooperative structure or issues related to procurement of the inputs to be supplied.

#### 5th Cycle Cooperatives

On June 21<sup>st</sup>, 2016, the MC consortium selection committee evaluated 12 business plans submitted from the 5<sup>th</sup> Cycle Cooperatives representing '5 new' target municipalities. 8 cooperatives were selected by a majority of committee members and later, based on the site visits, all 8 cooperatives were finally chosen to sign the sub-grant agreement.

#### 6th Cycle Cooperatives

Later in November, 2016, the MC ENPARD Consortium Selection Committee evaluated 20 business plans submitted by the 6<sup>th</sup> cycle cooperatives according to the agreed ten different criteria. 17 cooperatives have been selected based on simple majority of committee members. Following the committee meeting, the committee members visited all the selected cooperatives as in the previous cycles. Based on the on-site evaluation, 14 cooperatives were finally selected for grant support. In 13 Cooperatives out of those 14 cooperatives, the majority of cooperative members are women.

As of 31<sup>st</sup> December, 2016, the total number of beneficiary cooperatives reached 73.

To avoid delay in the selection process and meet the planned number of 74 cooperatives, MC intends to select the missing one cooperative from the Programme target regions in close collaboration with ACDA.

### **A1.8. Provision of start-up capital to new business-oriented FGs & A1.9. Co-investment for profitable expansion for existing business-oriented FGs**



During the six cycles of the cooperative selection process, the Programme selected in total 78 cooperatives to be supported within the Programme scope. However, despite being selected, there was no guarantee that the selected cooperatives would sign sub-grant agreements. In two cases issues arose before signing the agreement and the Programme had to terminate collaboration with those cooperatives.

The 1<sup>st</sup> Cycle cooperative “Ashurianis Veli” was eventually rejected by the Programme (prior to signing the sub-grant agreement) as they were not capable to meet the obligations stated in the submitted business plan. There was an issue with regards to the registration of agricultural land which meant that MC was unable to provide them with the requested inputs.

Another cooperative “Sheni Ferma” from the 4<sup>th</sup> cycle turned out to be incapable of getting a loan and contribute to the project, having gone through a long negotiation process with a commercial bank.

Aside from the above mentioned, three more cooperatives dropped out from the Programme after signing the Sub-grant agreements.

The 1<sup>st</sup> cycle cooperative “Dago” from Marneuli had difficulties in meeting its co-financing obligations and requested the Programme to wait to start the support until they concluded the harvest. However, when the project design for the greenhouse that they wished to build came in with a higher budget than anticipated, they confirmed that they would not be able to meet their obligations and it was mutually agreed to terminate the agreement.

After signing the agreement, the 3<sup>rd</sup> cycle cooperative “Ertoba” submitted a letter of request to MC asking for the postponing of the transfer of the co-fi amount and procurement of the assets for a 10 months period. The Programme rejected the request as it meant that the cooperative did not understand their responsibilities properly and were not ready to meet planned goals stated in the business plan within the Programme timeframe.

The last Sub-grant Agreement was terminated with the cooperative “Agro Meskheti” selected in the 3<sup>rd</sup> cycle. Initially, a one-month period had been granted to the cooperative to accomplish construction works on its own expenses. However, the cooperative did not fulfil its obligation even after a three-month period and the Programme made the decision to cancel the agreement with it.

As of 1<sup>st</sup> January, 2017, there are 73 Sub-grant Agreements in force with the selected beneficiary cooperatives. Detailed information on the assets purchased for the cooperatives listed below is provided in **Annex 3**

**Table 3** below provides full information on 73 cooperatives selected for the Programme to date:

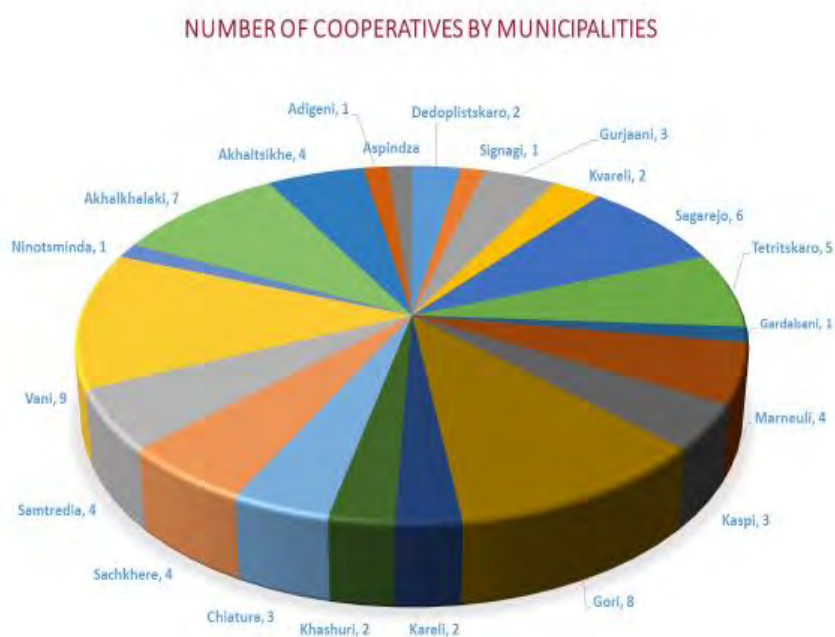
Table 3 below provides full information on 75 cooperatives selected for the Programme to date.						
#	NAME/ID		MUNICIPALITY	SECTOR	MEMBERS	
					Male	Female
Shida Kartli						
1	Rajdeni	443858470	Khashuri	Potato	4	2
2	Gulkartli	443859451	Khashuri	Bee Keeping	10	8
3	Gea	417881974	Gori	Raspberry	5	3
4	Tsikara	417882116	Gori	Mechanization	12	0
5	Agro develop.	417885943	Gori	Maize & vegetables	3	2
6	New Dzevera	417886023	Gori	Nursery	4	2
7	Ertoba	417883151	Gori	Cereals	8	3
8	Meurne	417885845	Gori	Horticulture & cereals	6	1
9	Lamiru	417885872	Gori	Cereals	5	0
10	Tsisartkela	417885818	Gori	Fishery	6	0
11	Sabarako	440887685	Kareli	Cereals	5	4
12	Kvenatkoca	240895956	Kareli	Fruit	11	0
13	Bojami	432543438	Kaspi	Bee Keeping	6	5
14	Agro Kaspi	432544534	Kaspi	Cereal	2	3
15	Lile 2016	405160962	Kaspi	Goat Farm	2	3

Kvemo Kartli						
16	Isa	434162693	Marneuli	Strawberry	4	1
17	Liakhvi	400123326	Marneuli	Horticulture	5	2
18	Chobani	434165707	Marneuli	Sheep Farm	5	0
19	Tamarisi 2015	434165618	Marneuli	Sheep Farm	5	0
20	Tskhvari	430799040	Tetritskaro	Sheep	4	1
21	Nektari 2015	430799004	Tetritskaro	Bee Keeping	4	1
22	Zala Ertobashia	430798318	Tetritskaro	Bee Keeping	11	0
23	Rancho	430798274	Tetritskaro	Livestock	6	1
24	Tsintskaro	430798611	Tertritskaro	Fodder	15	7
25	Young Bee Keepers Union	426525218	Gardabani	Bee Keeping	5	2
Kakheti						
26	Agroapi	426519350	Gurjaani	Bee Keeping	21	10
27	Mani	427719613	Gurjaani	Table grapes	3	5
28	Akhasheni Sakonsolidacio Centri	427730333	Gurjaani	Fruit/Cold Storage	1	4
29	Nikromi	438111295	Sagarejo	Livestock	7	5
30	Apicorpsi	438110429	Sagarejo	Bee Keeping	8	1
31	Udabno Moli	438111277	Sagarejo	Sheep Farm	5	0
32	Agrogareji	438111437	Sagarejo	Strawberry (green house)	3	4
33	Satave	438112597	Sagarejo	Grape	1	4
34	Manavis Veli	438111240	Sagarejo	Livestock	5	0
35	Tafli Tsvari	440390916	Signagi	Beekeeping	0	9
36	Tsikara	428520335	Dedoplistskaro	Livestock	5	0
37	Metskvare	428520308	Dedoplistskaro	Sheep Farm	5	0
38	Eniseli	441558556	Kvareli	Livestock	0	5
39	Saba	441556692	Kvareli	Fruits and nuts	7	7
Imereti						
40	Ore Et Labora	429650184	Vani	Bee Keeping	8	2
41	Vashlara	429650013	Vani	Bee Keeping	6	6
42	Gika	429650228	Vani	Bee Keeping	7	2
43	Dzulukhi	429650273	Vani	Nuts	5	0
44	Chkvishi	429650610	Vani	Greenhouse (Vegetable)	8	4
45	Sachino	429650022	Vani	Livestock	14	2
46	Soplis Nobati	429650353	Vani	Vegetable	8	3
47	Isriti	429650335	Vani	Berry	8	3
48	Chiri	429650166	Vani	Dried Fruit	4	7
49	Mamuli	438726826	Samtredia	Cereals	6	1
50	Samtredia +	438726835	Samtredia	Cereals	8	1
51	Tsiagi	438727549	Samtredia	Cereals	2	3
52	Kulashi	438729342	Samtredia	Poultry	3	5
53	Godora	439396351	Sachkhere	Bee Keeping	5	5
54	Prone	439396459	Sachkhere	Maize	4	3
55	Lashura	439396422	Sachkhere	Maize	4	3
56	Baraka	439395441	Sachkhere	Vegetable (greenhouse)	6	3
57	Chiatura	415595181	Chiatura	Cereals	1	4
58	Gezruli	415593352	Chiatura	Poultry	4	19
59	Tsinsopeli	415595154	Chiatura	Cereals	1	4
Samtskhe-Javakheti						
60	Haiki	423353800	Akhalkhalaki	Mechanisation	3	4

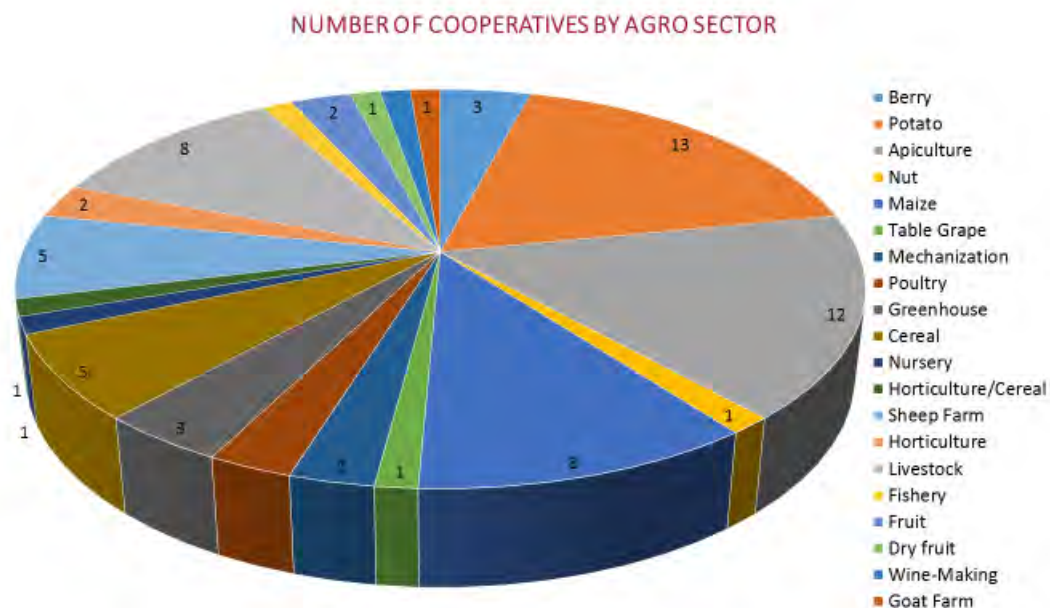
61	Khulgumo 2010	423352801	Akhalkhalaki	Potato	4	16
62	Five Star	423352810	Akhalkhalaki	Potato	5	7
63	Abuli	423353515	Akhalkhalaki	Potato	4	7
64	Oganes	423353793	Akhalkhalaki	Potato	5	2
65	Kim	423353267	Akhalkhalakhi	Potato	6	5
66	Tsunda	423353819	Akhalkhalaki	Potato/Cereal	6	3
67	Moskhi	424071239	Akhaltzikhe	Potato/Vegetables	3	1
68	Vale Agro	424071300	Akhaltzikhe	Potato/Vegetable	5	0
69	Humusi	424071257	Akhaltzikhe	Potato/Cereal	3	0
70	Vale	424071248	Akhaltzikhe	Potato	5	3
71	Parekha	422717572	Adigeni	Livestock	7	0
72	Aga	436683858	Ninotsminda	Potato	3	5
73	Erkota	423099202	Aspindza	Potato/Cereals	3	5
					<b>421</b>	<b>242</b>
					<b>663</b>	

Based upon the 73 sub-grant agreements signed with cooperatives up until 31 December 2016, the agreed co-investment volume is approximately **€1,308,820** of which approximately **€944,270** are funds from the EU and **€364,550** is the cooperatives' co-financing contribution to the ENPARD Programme, which amounts to **27.85%** of the total amount invested.

**Diagram 2**



**Diagram3**



#### A1.10. Monitoring of production target plans of FGs

##### Farmers' Cooperatives

Two principle approaches were developed to be used during the Programme timeframe to monitor the development progress of the cooperatives and their businesses. The first approach is an Annual Cooperative Survey and the second one is the Monthly Monitoring of the cooperatives. The first approach – an Annual Cooperative Survey examines the dynamics of the cooperative with regards to membership, management structure, decision making processes, employees, assets, financial information, marketing, relations with service providers and the constraints they face. The second approach – the Monthly Monitoring is the instrument for the regional coordinator to oversee the performance of the supported cooperatives on site and collect the data related to the production and marketing processes. The data received through monthly monitoring is being cross-checked with the cooperatives annual assessment surveys.

In 2016, the 2<sup>nd</sup> Annual Cooperative Assessment survey was carried out with the 1<sup>st</sup> and 2<sup>nd</sup> Cycle cooperatives. The survey aimed to track the development of the cooperatives regarding their membership, management, production and finances, etc. The 1<sup>st</sup> Annual Cooperative Assessment survey was also carried out with the 13 cooperatives from the 3<sup>rd</sup> Cycle. This survey captured the baseline information of these cooperatives in terms of structure, finances and production prior to receiving grant support. The aggregated data received through those surveys was entered into the Stata usable format and delivered to ISET. According to the working principles defined by M&E working group in 2014, ISET consolidated all data received through all ENPARD consortia (Mercy Corps, Pin, Oxfam, Care) and delivered the results report, which is attached to this interim report as Annex 4. The average Net Income (for Cooperatives with Positive and Negative Incomes) per cooperative increased by 21% and the average Net Income for Cooperatives with Positive Income reached to 41%. 85% of the net profit gained by the cooperatives have been reinvested into the businesses.

##### Tax Accounting Survey

In 2016, the second stage of the Financial and Tax Accounting Survey of Agricultural Cooperatives was carried out with the 1<sup>st</sup> and 2<sup>nd</sup> Cycle cooperatives. The survey captured how the cooperatives who attended the Financial and Tax accounting trainings, applied the acquired knowledge in practice. 9 cooperatives having not been registered on RSG before the training, registered after it. In addition, 10 cooperatives started financial accounting and recordkeeping after the training.

##### ASP Survey

The second survey of 26 beneficiary ASPs from the 1<sup>st</sup> and 2<sup>nd</sup> cycles was carried out in September, 2016. The survey was focused on the growth of ASPs' operations in terms of sales, gross income, number of the

farmers and the variety of the products/services they provide to the cooperatives and individual farmers. The data received through the survey was analysed and the report (Annex 2) is delivered. The surveyed ASPs increased the number of customers by 35% in 2014-2016. Total income growth of these ASPs increased by 57%.

#### **A 1.11. Guidance in elaborating organisational three-year sustainability plans for FGs and subsequent monitoring**

The Business Plans of the Cooperatives developed earlier under the Programme form the basis for the sustainability plans which in the final year of the Programme will be updated with the support of the ABCO trainers.

#### **A1.12 Cross visits for FGs inside and outside of Georgia to share experience of successful farmers' cooperation**

The Mercy Corps ENPARD consortium, together with the ENPARD implementing agencies, organized the planned cross visits for cooperatives working in the apiculture and potato sector both within and outside the country. Below are given the short summaries of the successful tours.

##### **Study Tour in Holland**

In October, a Georgian delegation of 14 persons including 6 cooperative members funded by Mercy Corps, 4 ACF cooperative members, and 4 representatives from ACDA, ABCO, MC and ACF visited the Netherlands for a study tour. The delegation was hosted by the Dutch potato cooperative Agrico. Mercy Corps arranged for a visit to the Dutch cooperative Agrico for the Programme stakeholders to get familiar and share their experiences in the potato sector. Agrico is one of the leading cooperatives working in potato seed production in Europe and more than 10 varieties of Agrico seed are very popular in Georgia. This study tour was a great opportunity for the Mercy Corps' potato cooperatives to establish direct contact with Agrico in terms of procuring potato seed under favourable conditions in the future.

##### **Study Tour in Poland**

On 6-10 November 2016, Mercy Corps Georgia organized a Study Tour to Poland. The tour was set up in the framework of the European Neighbourhood Programme for Agriculture and Rural Development in Georgia (ENPARD) Programme: Strengthening Farmers Cooperatives in Rural Municipalities of Georgia for ten individual participants, including three representatives of Mercy Corps, two representatives of the Agricultural Cooperatives Development Agency and five representatives of agricultural cooperatives. The aim of the tour was to study the cooperation model in the Polish agricultural sector. The hosts of the tour were The Agricultural Market Agency (ARR) of Poland, a state institution supervised by the Ministry of Agriculture and Rural Development and the Ministry of Finance within the scope of the EU Common Agricultural Policy (CAP). The study tour visit was fully informative. The participants received detailed information regarding the development trends in agriculture in Poland, governmental institutions, agricultural cooperatives, extension services, machinery manufacturers and support service providers. The newly acquired knowledge will facilitate the development of a comprehensive and effective model of cooperatives in the near future in Georgia. The report of the tour is attached below as Annex 5.

##### **Cross visit to Samtskhe-Javakheti**

The Mercy Corps ENPARD consortium, together with the ENPARD implementing agencies, planned cross visits for the cooperatives working in apiculture and potato sectors.

In August 2016, MC organized a cross visit for the potato cooperatives funded by MC and ACF within the ENPARD Programme in the Samtskhe-Javakheti region. Around 40 people participated in the study tour, including 11 members of 8 MC funded cooperatives, 16 members of the ACF funded cooperatives, representatives of the association "Akhalkalaki Potato", ICC representatives and individual farmers.

The participants visited several plots to discuss production technologies, specifications and advantages of different varieties of potato. They also visited a potato post-harvest storage facility and observed potato sorting and packaging equipment. The last meeting was held with the head of the "Akhalkalaki Potato" association to discuss the steps undertaken for branding the Samtskhe-Javakheti potato and future perspectives of the association and collaboration between different stakeholders operating in the potato sector.

### A1.13. Publications and media Activities

Throughout the implementation process, Mercy Corps and its partners have regularly engaged with media sources to promote the Programme and to develop a broader understanding of agricultural cooperation amongst the public. Mercy Corps regularly coordinates its activities with the ENPARD Communication Unit (ECU) and has attended events organized by this unit.

The following media activities have been organized during the reporting timeframe.

- The interactive map is permanently being updated and available at the following web-address: <http://maps.mercycorps.ge/>
- TV reports on the trainings of ICC representatives have been broadcasted by local/regional TV channel. The reports are available at the following links: [http://tanamgzavri.tv/index.php?option=com\\_content&view=article&id=4674:2016-04-22-19-42-00&catid=13:2011-11-20-20-56-31&Itemid=17](http://tanamgzavri.tv/index.php?option=com_content&view=article&id=4674:2016-04-22-19-42-00&catid=13:2011-11-20-20-56-31&Itemid=17) and <http://dia.ge/?m=0&ID=5721>
- The clipping report of the Apiculture Forum follow-up meeting that was conducted in Kutaisi on the 24<sup>th</sup> May is available at the following link: <http://megatv.ge/2016/05/24/qutaisshi-mefutkreobis-forumi-gaimarta-mtavari-.html>.
- The clipping report of the apiculture forum follow-up meeting conducted in Tbilisi is available at the following link: <http://w.bpn.ge/finansebi/23973-aghmosavleth-sagarthvelos-mefutkreobis-mercy-corps-is-tsarmomadgenlethan-mefutkreobis-problemebze-imsjeles.html?lang=ka-GE>.
- The report of the potato forum is available at: <http://garb.ge/news/mekartophilebis-kooperativebids-pirveli-phorumi-thbilisshi-video/>.
- All 35 signboards delivered to beneficiary cooperatives and ASPs have been installed in the project locations.
- The report of Shida Kartli regional fora is available at the following link: <http://www.trialeti.ge/?menuid=2&lang=1&id=5385>
- The clipping report of Shida Kartli Agricultural Fair is available at the following link: <https://www.youtube.com/watch?v=spgdfU9sudA&sns=em>
- Two beneficiary cooperatives have participated in the culinary show on Georgian TV channel Rustavi 2. The videos are available at the following links: <http://rustavi2.com/ka/video/17760?v=2> and <http://rustavi2.com/ka/video/17576?v=2>
- 200 brochures on the Use and Proper Utilization of Agrochemicals have been published and distributed to both the Programme beneficiary and non-beneficiary ASPs and Cooperatives.
- The ENPARD communication unit (ECU) organized a media tour for major Georgian TV channels in Samtskhe-Javakheti region to present and broadcast success stories of the cooperatives funded by MC in the region in September 2016.

The links below show the visibility activities and success stories of the MC ENPARD programme

- <http://enpard.ge/en/enpard-georgia-moldova-and-armenia-exchange-experience/>
  - <http://enpard.ge/en/kvemo-kartli-regional-forum-to-be-held-in-tbilisi/>
  - <http://enpard.ge/en/imereti-regional-forum-to-be-held-in-kutaisi/>
  - <http://enpard.ge/en/story-about-cooperative-khulgumo-2014/>
  - <http://enpard.ge/en/media/perspectives-european-journey-of-georgian-honey/>
  - <http://enpard.ge/en/media/anzor-maisuradze-cooperative-gulkartli/>
  - <http://enpard.ge/en/media/ivane-macharashvili-cooperative-tsisartkela/>
  - <http://enpard.ge/en/european-neighbourhood-programme-for-agriculture-and-rural-development-enpard-supports-agricultural-fair-in-akhaltikhe/>
  - <http://enpard.ge/en/european-neighbourhood-programme-for-agriculture-and-rural-development-enpard-supported-agricultural-fair-in-akhaltikhe/>
  - <http://enpard.ge/en/representatives-of-georgian-media-visited-eu-funded-cooperatives-in-samtskhe-javakheti/>
  - In November MC published 200 copies of the guide book “Apiculture”, which later was distributed to the various programme stakeholders including: MOA, Agrarian University, ACDA, University Iliuni, ICCs, ENPARD implementing agencies PIN, CARE, OXFAM and programme beneficiaries. This guide book is attached to this report as Annex 6.
  - MC supported MoA and ACDA in organization of the 16<sup>th</sup> international exhibition of Food, Drink and Tech in Expo Georgia in Tbilisi.
  - A press release and photo story of the study tour in Poland was uploaded at ARR official web-site: <http://www.arr.gov.pl/125-o-nas/aktualnoci/5369-delegacja-z-gruzji-w-polsce-wizyta-studyjna-przedstawiceli-gruzinskich-kooperatyw-oraz-instytucji-zwiazanych-z-rolnictwem>
- An English version of the press release was uploaded at ENPARD web-site: <http://enpard.ge/en/eu-supported-study-visit-of-georgian-cooperatives-and-institutions-related-to-agriculture-to-poland/>

**Result 2: Agriculture Services Providers (ASPs) have strengthened links and quality of services to offer to farmers for mutual profitability.**

***Indicator 2.1 600 representatives of at least 60 ASPs trained in more efficient service provision***

To date 36 trainings were delivered to 225 members of 195 ASPs. The selection of the 60 targeted ASPs was accomplished during the previous year, but trainings to date have been extended to ASPs beyond the direct



60 beneficiaries. Furthermore, the majority of trainings to be delivered have been planned for the last year of the programme implementation, and intensive trainings currently continue by all three partner organizations. Hence, it is anticipated that the target number will be achieved by the end of the programme.

**Indicator 2.2 60 ASPs received guidance in business development**

By the end of the reporting period 115 representatives of 102 ASPs have received guidance in business development through the delivered business planning trainings

**Indicator 2.3 80% Increased business transactions between at least 70 FGs and 60 ASPs**

By the end of the third year, 26 interviewed ASPs from the 1<sup>st</sup> and 2<sup>nd</sup> cycles have increased their transactions with the cooperatives by 54%. At this stage in total 45 formal agreements have been concluded between 24 cooperatives and 43 ASPs. This figure is from the ASP midterm evaluation. The final evaluation will be carried out in 2017, where all 65 ASPs will be interviewed. Given the progress to date, and the addition of 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> cycles being captured in the final report, it is anticipated that this target will be achieved.

**Indicator 2.4 Each ASPs acquired average of 10 of new clients/customers – FGs and/or FGs members**

According to the midterm evaluation each of the 26 interviewed ASPs acquired an average of 14 new clients/customers during the years 2014-2016.

**Indicator 2.5 Each ASPs provide an average of 15 new services/products suitable for the FGs members**

26 ASPs surveyed in the midterm evaluation provide an average of 8 new services/products for the local farmers and FGs. As in 2.3, when capturing all ASPs in final report, the indicator should be on track to reach its target.

**Indicator 2.6 Minimum 64 ASPs received technical assistance with new machinery and equipment**

By the end of the year three provision of assets finalized for 44 ASPs. The procurement process for all remaining ASP will be accomplished by June, thereby reaching target.

**Indicator 2.7 Minimum 64 ASPs received co-investment for profitable expansion**

To date 65 Target Funding Agreements are in force with the programme beneficiary ASPs

**Indicator 2.8 At least 50% more small farmers (members of the FGs) use ASPs services**

At the end of the reporting period 35% more small farmers use ASPs services. Anticipated to reach target following ASP final assessment report.

**A2.1. Training/Guidance for ASPs in business development**

To support business development to the agricultural service providers during the three years of Programme implementation, four cycles of calls for applications have been implemented. Following the receipt of Expression of Interest Forms, the PSC selected applicants to be invited to a two-day Business Planning Training. In total 13 delivered business planning trainings were attended by 115 representatives of 102 ASPs. The topics covered during the trainings were as follows: (i) Business planning; (ii) Accounting and taxation; (iii) Product costing and pricing; (iv) Market analysis; (v) Marketing and Advertising.

At the training the Business Plan and Budget templates were provided to the ASPs and later ABCO provided consultations on how to most effectively complete the business plan. The ASPs then had approximately three weeks in which to complete and submit the business plans and budgets which were then reviewed and evaluated by the PSC.

**Table 4. Training/Guidance for ASPs in business development**

Cycle	Number of ASPs submitted EOIs	Number of ASPs selected to attend Business Planning Training	Number of Business Plans Received	Number of TFA in force
I	40	19	18	12
II	80	35	25	14
III	132	56	47	34
IV	-	<sup>2</sup>	12	5

<sup>2</sup> ASPs from the 4<sup>th</sup> cycle were directly invited to prepare business plans.

Total	252	110	102	65
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## **A2.2. Facilitation of development of ASPs' special service packages suitable and affordable for FGs**

A part of the business plans prepared by the ASPs included the description of the services that ASPs will offer to the beneficiary cooperatives if selected. Mainly the ASPs offered 5-15% discount for inputs, supplies and mechanization services and free delivery of goods and free consultations to the site to the cooperatives.

After the signing of the agreements with the Programme, the Regional Coordinators conducted meetings with beneficiary ASPs discussing the progress on the development of service packages that were outlined in their approved business plans.

By the end of the reporting period, in total 45 formal agreements were concluded between 24 ASPs and 43 cooperatives. However, informal relations also exist between them and it was mentioned by all ASPs during the interviews with the M&E officer.

The Programme also facilitated the establishment of linkages between the ASPs and cooperatives through the organization of the agricultural fairs in the Shida Kartli and Samtskhe-Javakheti regions. The agricultural fairs in Gori and Akhaltsikhe served as a place for dialogue between agricultural cooperatives, agricultural service providers, financial institutions and the government at the regional and national levels.

Around 30 service providers from Shida Kartli and 40 from Samtskhe-Javakheti exhibited their products at the fairs, such as input suppliers, mechanization centres, nurseries, irrigation system suppliers, microfinance institutions, insurance companies, NFA, LMA, milk processors. All cooperatives registered and operating in the Shida Kartli and Samtskhe-Javakheti regions were invited to the fairs. The fairs were also attended by the European Commission, the Minister of Agriculture, the ACDA, the local government and the ICC representatives. In the final year, the Programme will advocate with the government institutions to ensure the sustainability of the agricultural fairs.

Promotional raffles took place during the fairs for the cooperatives. Winner cooperatives were awarded with: chainsaws, chemical sprayers, grass movers, berry seedlings, Georgian sweets produced by the cooperative, packs of natural juices and an irrigation system voucher for 50 GEL.

In addition, established regional and sectoral fora also act as an additional platform where the ASPs and cooperatives have an opportunity to discuss and raise any issues that might hinder their mutually beneficial collaboration.

## **A2.3. Awareness raising of new inputs, machinery and equipment and extension services for FGs and ASPs**

Through the trainings in modern agricultural technologies and environment-friendly practices delivered during the Programme lifespan, 189 representatives of 130 ASPs were trained at the 34 trainings. Detailed information is provided in the Activity **A1.6** above.

## **A2.4. Co-investment for profitable expansion for ASPs**

### 3<sup>rd</sup> Cycle ASPs

Following 2-day business planning trainings, 47 ASPs from the 3<sup>rd</sup> cycle submitted business plans for evaluation in June, 2016. The PSC evaluated the business plans in July and finally onboarded 34 ASPs. After the signing of the agreements and on receipt of their co-funding to the Programme, assets are being purchased based on the requirement of the business plans.

### 4<sup>th</sup> Cycle ASPs

As only 4 beneficiaries had to be chosen after the accomplishment of the 3<sup>rd</sup> cycle to meet planned number of the APSs, the Programme made a decision to avoid a long selection process and opened a new call with



changed terms & conditions.

As in previous cycles, the ASPs had to provide agricultural services to small-scale farmers and FGs have to be legally registered, operational business entities operating in one or more of Programme target municipalities and provide at least 50% cash contribution to the Programme. The interested ASPs had to prepare updated business plans and submit them to PSC for evaluation. The deadline for submission of the business plans was the 1st August, 2016.

On 19th August 2016, the MC consortia committee evaluated 12 business plans submitted by the 4th cycle ASPs and 5 ASPs have been selected to receive financial support.

As of the 31<sup>st</sup> December 2016, provision of assets was finalized for 44 out of 65 contracted ASPs.

Based upon the 65 target-funded agreements signed with the beneficiary ASPs from all four cycles, the co-investment amount comes up to €1,054,774 of which approximately €489,070 are funds from EU and approximately €565,704 is the ASPs' co-financing contribution to the ENPARD Programme, which corresponds to 53.63% of the total amount invested.

**Table 5** below provides information on all selected ASPs, their locations and the sectors they are working in.

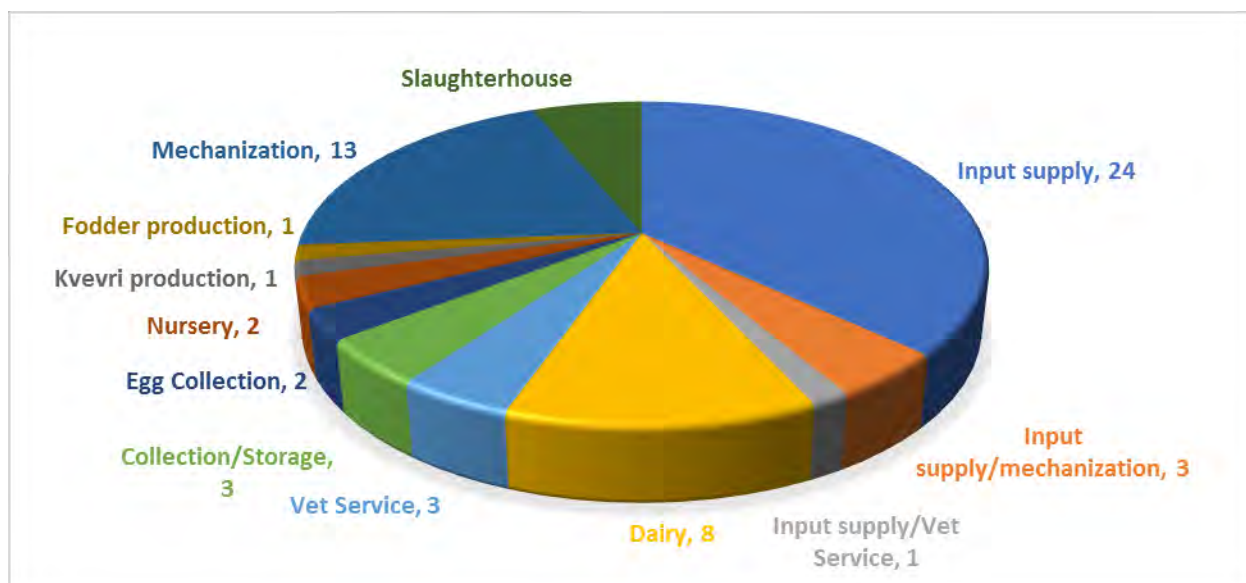
#	Name	Region	Municipality	Sector
1	LTD "Agro Service Kareli"	Shida Kartli	Kareli	Input Supply
2	IE "Cisia Diglemashvili"	Kakheti	Sagarejo	Input Supply
3	LTD "Alva"	Imereti	Sachkhere	Input Supply
4	LTD "Nektari"	Imereti	Chiatura	Input Supply
5	LTD "Aibolit XX"	Kvemo Kartli	Marneuli	Input Supply
6	LTD "Agrokomi"	Shida Kartli	Gori	Input Supply
7	IE "Teimuraz Kuchishvili"	Shida Kartli	Khashuri	Input Supply
8	LTD "Boran Sopkimia"	Kakheti	Gurjaani	Input Supply
9	LTD "Vazi 2014"	Imereti	Chiatura	Input Supply
10	IE "Vugar Elchiev"	Kvemo Kartli	Tetritskaro	Input Supply
11	IE "Ashraf Valiev"	Kvemo Kartli	Gardabani	Input Supply
12	IE "Levan Aroshidze"	Kakheti	Kvareli	Input Supply
13	IE "Ezoiani"	Samtskhe-Javakheti	Akhalkalaki	Input Supply
14	IE "Sosiko Amirkhaniani"	Samtskhe-Javakheti	Ninotsminda	Input Supply
15	I/E "Tea Begiashvili"	Shida Kartli	Gori	Input Supply
16	LTD "Agrokartli"	Shida Kartli	Gori	Input Supply/Mech.
17	LTD "Agro Agara"	Shida Kartli	Kareli	Input Supply
18	I/E "Nugzar Kiladze"	Shida Kartli	Khashuri	Input Supply
19	LTD "BioAgro"	Kvemo Kartli	Marneuli	Input Supply
20	LTD "Nik-Agro"	Kakheti	Kvareli	Input Supply
21	LTD Mindia 2011	Kakheti	Kvareli	Input Supply
22	I/E Alexi Tediashvili	Kakheti	Kvareli	Input Supply

23	LTD "Agrovita"	Kakheti	Gurjaani	Input Supply
24	LTD "AgroService"	Kakheti	Telavi	Input Mec. Supply
25	LTD "Agrolmeri"	Imereti	Sachkhere	Input. Vet. Supply
26	I/E "Zurab Tetvadze"	Kakheti	Dedoplistskaro	Input Supply
27	Ltd Agrot trading	Kvemo Kartli	Marneuli	Input Supply
28	LTD "Orientali 2013"	Samtskhe-Javakheti	Tsalka	Input Sup/ Mech.
29	IE "Muradiani"	Samtskhe-Javakheti	Akhalkalaki	Dairy Production
30	IE "Karen Simoniani"	Samtskhe-Javakheti	Akhalkalaki	Dairy Production
31	LTD "Shiraki"	Kakheti	Dedoplistskaro	Dairy Production
32	LTD "Dedoplistskaros Nobati"	Kakheti	Dedoplistskaro	Dairy Production
33	IE Simon Darbinyan	Samtske-Javakheti	Akhalsikhe	Dairy Production
34	IE Raphael Karoyan	Samtske-Javakheti	Akhalsikhe	Dairy Production
35	Ltd Milkeni	Kvemo Kartli	Marneuli	Dairy Production
36	IE Alexander Naverian	Kvemo Kartli	Gardabani	Dairy Production
37	IE "Zurab Kartvelishvili "	Imereti	Vani	Vet. Service
38	IE "Grigol Gelovani"	Imereti	Samtredia	Vet. Service
39	LTD "AgroKizikhi"	Kakheti	Dedoplistskaro	Vet. Service
40	IE "Ilia Dvalishvili"	Imereti	Vani	Collection/Storage
41	IE "Dapnari"	Imereti	Samtredia	Collection/Storage
42	I/E "Bidzina Tarimanashvili"	Kakheti	Sagarejo	Egg Collection
43	LTD "Bili"	Kvemo Kartli	Tetritskaro	Egg Collection
44	I/E "Marina Akolashvili"	Kakheti	Gurjaani	Fruit Collection
45	LTD "ShatoChailuri"	Kakheti	Sagarejo	Nursery
46	LTD "Iveria"	Gori	Sagarejo	Nursery
47	EI "Roman Chinchaladze"	Imereti	Chiatura	Kvevri Production
48	LTD "Spelta"	Tbilisi	Tbilisi	Fodder production
49	IE "Soso Gugava"	Kvemo Kartli	Tetritskaro	Mechanization
50	I/E "Besik Gioshvili"	Khaketi	Gurjaani	Mechanization
51	LTD "TractorService"	Khaketi	Kutaisi	Mechanization
52	I/E "Gia Gulisashvili"	Khaketi	Sagarejo	Mechanization
53	I/E "Giorgi Aptsiauri"	Kvemo Kartli	Tetritskaro	Mechanization
54	I/E "Malkhaz Nakhutsrishvili"	Shida Kartli	Kareli	Mechanization
55	I/E Aleksandre Laliashvili	Kakheti	Sagarejo	Mechanization
56	I/E Nodar Tabatadze	Samtskhe-Javakheti	Akhalsikhe	Mechanization

57	LTD "Akhalkalaki RSC"	Samtskhe-Javakheti	Akhalkalaki	Mechanization
58	I/E Giorgi Stepniashvili	Shida Kartli	Mtskheta	Mechanization
59	LTD "Agro Universali"	Kakheti	Gurjaani	Mechanization
60	I/E Ambrosi Macharashvili	Kakheti	Lagodekhi	Mechanization
61	I/E Onise Sozashvili	Kakheti	Signagi	Mechanization
62	LTD "Irqa"	Samtskhe-Javakheti	Akhalsikhe	Slaughterhouse
63	I/E Otari Kechkhuashvili	Shida Kartli	Gori	Slaughterhouse
64	LTD "Meskheti Products"	Samtskhe-Javakheti	Aspindza	Slaughterhouse
65	Ltd Alali 2015	Kvemo Kartli	Marneuli	Slaughterhouse

A full list of assets procured for ASPs from the two cycles is provided in **Annex 7**

**Diagram 4.** The following chart provides a breakdown of the sectors in which the selected ASPs are working.



**Expected Result 3: Farmers have an increased voice in Agriculture Policy decision making, due to strengthened links and coordination between farmers' groups, service providers and the government sector.**

***Indicator 3.1 Dialogue fora established with participation of FGs, ASPs and government in every target municipality and region***

Regional fora established in each programme target regions. In addition, 2 sectoral fora for Apiculture and Potato sectors have been established.

***Indicator 3.2 At least 65 FGs and ASPs establish quarterly meetings at municipal level to discuss information sharing and coordination needs***

Steering Groups (SG) were formed in each programme target region with the involvement of 41 cooperatives, 11 ASPs, 11 ICCs and 9 Local Government representatives. Quarterly meetings are being held in each programme target region. The process is detailed under the activities 3.1 and 3.2 below.

***Indicator 3.3 At least 14 successful advocacy/lobbying campaigns for promoting small farmers needs with the government***

By the end of the reporting period in total 6 advocacy actions were undertaken.. The remaining will be developed during the last year of programme implementation, and the team is confident it will reach the target.

***Indicator 3.4 80% of FGs & ASPs report improved relationship and coordination with the government***

As the SGs were formed at the end of the reporting year the evaluation of the improved relations with government will be assessed during the last year of the programme implementation.

**A3.1. Creation of agricultural lobby groups at municipal and regional level.**

MC has worked together with CARE, PIN & Oxfam ENPARD consortia to initiate an apiculture sectoral forum. The Programme partner, GIPA organized the first conference held on 11th March, 2016, at the Holiday Inn Hotel in Tbilisi, with approximately 100 persons participating. Among the participants were more than 20 cooperatives, the Deputy Minister of Agriculture of Georgia, the Head of ACDA, the representatives of the EU Delegation to Georgia, the Laboratory of the MOA, the Scientific-Research Centre (SRC), the Georgian Professional Beekeepers Association, the Georgian Farmers' Association, the Georgian Agricultural Cooperatives Association, the Information Consultation Centres and other stakeholders.

The event served as a coordination platform where apiculture cooperatives and various stakeholders had the opportunity to identify the current challenges in the apiculture sector and discuss ways to find successful solutions. The forum also aimed to serve as a catalyst for increased cooperation among apiculture cooperatives, private sector actors and other stakeholders involved in the field.

On March 21<sup>st</sup> 2016, a meeting was held at the MC office between MC, GIPA, Oxfam and ACF representatives to initiate another sectoral forum for potato growing cooperatives in the ENPARD target municipalities.

A follow up meeting of the 1<sup>st</sup> Forum of Apiculture Cooperatives was held in Kutaisi in May, 2016. The meeting was organized by the ENPARD implementing partners and was attended by the 16 apiculture cooperatives (32 members) from the Western part of Georgia, who participated in the 1<sup>st</sup> national forum. In June, 2016, the follow-up meeting for those apiculture cooperatives operating in East Georgia was organized by the MC and Oxfam consortia in Tbilisi. The meeting was attended by 10 cooperatives (22 members) and various stakeholders.

At these meetings, the participants had the opportunity to discuss the challenges and common problems existing in the apiculture sector and to explore possible solutions. As a result of the meeting, specific recommendations were generated and the participants have agreed to address them to the appropriate government bodies. These recommendations are: (i) the preparation of a simple guide book on beekeeping with lessons for high-school level schoolchildren to encourage their interest in beekeeping after completion of the secondary education; (ii) to increase the knowledge of beekeepers on the restrictions and use of antibiotics and the risks associated with sales of the honey contaminated by antibiotics; (iii) to increase awareness about the use of chemicals during the blooming season that affects the health and productivity of bees.

MC, GIPA and Oxfam initiated a potato forum for the ENPARD- supported potato producer cooperatives. On the 17th June, 2016, the 1<sup>st</sup> Potato Cooperatives' Forum was held in Tbilisi. The forum was attended by approximately 70 people including: Deputy Ministers of Agriculture of Georgia, the Head of the Agriculture Cooperatives Development Agency, the Laboratory of the Ministry of Agriculture of Georgia, the National Food Agency, the Scientific-Research Centre (SRC), the Georgian Farmers' Association, cooperatives and other stakeholders. The event served as a coordination platform where potato cooperatives and various stakeholders had the opportunity to identify the current challenges in the potato sector. The forum also aimed to serve as a catalyst for increased cooperation among potato cooperatives, private sector, government and other stakeholders involved in this field. Following the forum, the Programmes arranged an in-country study tour for potato famers in SJ.

GIPA conducted Regional Forums in each Programme target region. All forums were attended by various Programme stakeholders including: representatives from the ACDA, the Agricultural Projects Management Agency (APMA), the Georgian Amelioration Agency, the Laboratory of the Ministry of Agriculture, the local authorities, guest speakers, the ICCs, the cooperatives and the ASPs.

Regional forums act as a platform to discuss the challenges and common problems that exist in the regions and hinder development of the agricultural cooperatives and the agriculture sector in general as well as to explore possible solutions. At the end of each forum, Regional Steering Groups (RSGs) were elected in all 5 programme target regions.

The purpose of the Steering Group is to oversee current activities in the development of farmers' cooperatives in the region and coordinate the efforts of regional stakeholders in order to improve development and sustainability of cooperation in the region. Each SG consists of 15-20 members including representatives from the cooperatives, the ASPs, the ICCs and the local authorities. SGs are to hold the meetings on a quarterly basis. The first meetings have already been held in five regions. During the first meetings, the SGs discussed the challenges and problems that exist in the agriculture sector in the region, such as new government regulations regarding simplified land registration procedures, agricultural insurance, lack of mechanization, lack of qualified staff in the region, lack of information in the region concerning DCFTA regulations, lack of storage facilities, irrigation problems, etc. The SGs identified the main issues that will be addressed in future and set up strategies for future work.

By the end of 2016, the SGs have carried out 6 advocacy/lobbying activities to support a more enabling environment, in which all cooperatives, not only those supported directly by the Programme, can develop and thrive.

### **A3.2 In every target municipality and region establish spaces for dialogue between FGs, ASPs and the government sector**

As mentioned above, the purpose of the established Steering Groups is to oversee current activities in the development of farmers' cooperatives in the region and coordinate the efforts of regional stakeholders in order to improve development and sustainability of cooperation in the region. Each steering group consists of 15-20 members including representatives from the cooperatives, the ASPs, the ICCs and the local authorities. Presently, all 5 SGs are made up of representatives from 41 cooperatives, 11 ASPs, 11 ICCs and 9 Local Government in the target regions.

The first meetings in each region were conducted in mid 2016 (see above in A3.1).

The second-round meetings were held by Shida Kartli, Kvemo Kartli, Imereti and Kakheti SGs by the end of the reporting period. The main topic of discussion at the meetings was to analyse the issues and procedures related to the privatization of state-owned agricultural lands and land rental fees. The SGs invited Mr. Zurab Tsikvadze, the Head of the Privatization Department of the National Agency of State Property Management as a guest speaker to the Shida Kartli, Kvemo Kartli and Kakheti meetings, where he made a presentation on the procedures and steps needed for the state land lease. As Mr. Tsikvadze stated later based on the meetings conducted in Shida Kartli and Kakheti regions, the agency has already started working on the review of the regulation, which includes the revaluation of the land price system during the auctions and lease agreements.

The operation of SG in Shida Kartli raised interest in the governor office and the Deputy Governor participated in the second SG meeting and expressed his readiness to communicate any identified issues to the Central Government and the Ministry of Agriculture.

The SG meetings continue to provide a space where the cooperatives, ASPs and local government representatives have the opportunity to meet, share information, identify the gaps and improve the coordination and communication among the various stakeholders and make joint decisions.

### **A3.3. Trainings to government staff on conveying agricultural strategy to the public, effective inter- intra government communication, awareness raising on gender legislation and its implementation**

Starting from the initial stage of Programme implementation, the representatives of the Information Consultations Centres were actively involved in different Programme activities. They contributed in organizing the information campaign and helped disseminate information about the programme in their municipalities. They were involved in the collection of the applications from the prospective beneficiaries and actively participated in the meetings and events organized within the Programme scope. Given that 2016 was a year of parliamentary election, which in some cases resulted in changes of government officials, we made the decision to postpone these trainings for municipal and regional government until 2017. During this year in each region, training for the listed topics will be delivered for the representatives from regional and municipal level authorities.

To support capacity building of the ICCs operating in the Programme target area, GIPA conducted needs assessment of the ICCs revealing that they suffer from lack of knowledge in various aspects in their daily work and that their support through strong training programmes is essential. Thus, in December 2015, Mercy Corps and GIPA met with the Deputy Head of the Regional Coordination Department within the MoA responsible for overseeing the work of the ICCs. The discussion focused on the potential support from the ENPARD programme to develop the ICCs extension work. During the meeting six priority topics of trainings were identified. These topics were as follows: (i) Extension, (ii) Basic Computer Skills, (iii) Improved Communication, (iv) Leadership Skills, (v) Basic Principles of Management and (vi) PR and Social Media. MC and GIPA expressed readiness to deliver the trainings not only for those ICCs' representatives working in MC ENPARD target municipalities, but for entire Georgia.

The first two 5-day trainings were conducted for Samtskhe-Javakheti and Kvemo Kartli ICC representatives in March, 2016. These trainings were attended by 17 representatives from 8 ICCs and 2 representatives from the PR department of the MoA as well.

In April, 2016, 5 more 5-day trainings were delivered to 54 ICC representatives from 32 municipalities covered by Mercy Corps, PIN and CARE ENPARD Programme.

All the participants positively evaluated the training and emphasized how important it was for their capacity building and skills development.

After the delivery of the trainings, GIPA met with Mr. Shalva Kereselidze, Head of the Regional Coordination Department at MoA. GIPA reported to the ministry about the findings of the ICC trainings and discussed future possible cooperation issues. On behalf of the MoA, Mr Kereselidze expressed his satisfaction regarding the conducted training program and expressed willingness to continue active collaboration with the MC consortia within the ENPARD Programme scope.

The additional trainings delivered for the government representatives are listed in Activity 3.4 below.

#### **A3.4. Trainings to FGs and ASPs related to Gender, Leadership and Lobbying/Advocacy skills**

The programme intends to provide support to the created SGs to strengthen their capacity, enabling them to become strong and have operational capacity to continue functioning without external support after the Programme ends. For this purposes, at the end of the reporting year GIPA started delivering a number of trainings to the SG members.

The three 4-day Leadership and Advocacy Skills trainings were delivered to the SG members from the regions of Kakheti, Kvemo Kartli and Imereti.

The curriculum of the trainings included the following topics: (i) Improved Communication; (ii) Basic Management Principles; (iii) Leadership Skills; (iv) Basic Principles of Gender Integration and Equality.

The trainings were attended by 9 SG members (5 cooperatives, 2 ICCs and 2 ASPs) in Kakheti; 13 members (8 cooperatives, 2 ASPs, 2 ICCs and 1 Local Government representative) in Kvemo Kartli and 17 members (11 cooperatives, 2 ASPs, 3 ICCs and 1 local authority) in Imereti.

The trainings resulted in (i) placing SG members in a stronger position to lobby and advocate for their needs and to voice their opinions at community level; (ii) improved gender awareness regarding national and international legal rights related to women, men, boys and girls; and (iii) introducing national laws and mechanisms promoting and achieving gender equality.

During the last year of the Programme implementation in addition to the planned trainings and based on the needs of the SGs, additional trainings will be delivered when required.

The existence of strong SGs will support the sustainable development of the cooperatives and ASPs in rural municipalities in Georgia after the Programme ends.

#### **A3.5 Facilitate orientation sessions from the government to FGs and ASPs on agriculture related legislation**

During Programme implementation Mercy Corps and its partners work closely with the ICCs, providing them with a full overview of Programme development and progress and involving them in the trainings delivered under the Programme. The trainings were of great help to the ICCs in providing qualified advice to the interested farmers on the Law of Agricultural Cooperatives.

Mercy Corps was heavily engaged in the work of preparing the amendments to the national Law on Agricultural Cooperatives. Before submitting the agreed amendments to Parliament for approval, they were communicated to the cooperatives.

#### **A3.6. Advocacy/Lobbying Campaigns undertaken by the lobby groups in favour of small scale farmers.**

In addition to the 2 advocacy/lobbying actions undertaken within the previous reporting years, by the end of this reporting year, the Programme has carried out 4 advocacy actions, through both the municipal and

regional fora established and strengthened during the year. The actions tackled key issues that affect cooperative and agricultural business development.

Imereti, SG submitted a letter to the Governor advocating for cooperatives operating locally. The issue was that the cooperatives are losing part of their harvest due to the damaged road infrastructure during the rainy period making inaccessible the fields cultivated by the cooperatives and hindering transportation of the produce. The Governor has reacted promptly and delegated the issue to the local head of the Samtredia municipality. The specialists were hired by the local government, to examine the road and to draw estimate expenditures together with SG members. Approximated cost estimation was prepared and the municipality agreed to allocate funds for road rehabilitation in the municipality budget. The SG is following and monitoring the issue, in order to ensure that the rehabilitation cost will be allocated in the budget before January 2017.

The cooperative “Abreshumkhvia” operating in silk production, raised an issue regarding the lease of a non-functional silk production factory in Akhmeta. This factory has not been operating for several decades. It is owned by the government (Ministry of Economy and Sustainable Development) and the rental fee is extremely high through the auction. The members of the cooperative “Abreshumkhvia” wrote a letter addressing the Agency of State Property Management, requesting permission to take the factory on lease directly without going through the auction. Kakheti SG and GIPA organized a meeting between the cooperative and the representatives of the State Property Management, where the cooperative was asked to present the investment resources they could mobilize in case they get the factory on the long-term lease.

Following the second-round meetings in Shida Kartli and Kakheti regions, attended by the Head of the Privatization Department of the National Agency of State Property Management, the agency has started working on the review of the regulation, which includes the revaluation of the land price system during the auctions and in lease agreements.

During the study tour in the Netherlands MC together with ACF negotiated with Agrico the signature of a Memorandum of Understanding with ten Georgian agricultural cooperatives. The MoU (Annex 8) expands the opportunity for the cooperatives to work directly with the seed potato producer company avoiding increased procurement cost of the seep potato from the suppliers and ensuring high quality purchased produce. In addition, they would get a high-quality consultation by the reputable and experienced professionals.

## 2.3 Updated Action Plan

Year 4													
Activity	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Implementing body
1.3 On-going market analysis													Mercy Corps, Agro-Service, ABCO, GIPA
1.4 Preparation of new, and update of existing training materials													Agro-Service, ABCO, GIPA
1.5 Trainings for FGs													Mercy Corps, Agro-Service, ABCO, DGRV
1.6 Support the development of viable business plans and selection for sub-grants													Mercy Corps, ABCO,
1.7 Provision of start-up capital to new business-oriented FGs													Mercy Corps
1.8 Co-investment for existing business-oriented FGs													Mercy Corps
1.10 Monitoring of production target plans of FGs													Mercy Corps



1.11 Guidance in elaborating sustainability plans for FGs and monitoring																	Mercy Corps, ABCO
1.12. Cross visits for FGs inside and outside of Georgia																	Mercy Corps, ABCO, Agro-Service
1.13. Publications and media activities																	Mercy Corps, Agro-Service, ABCO, GIPA
2.2. Facilitation of development of ASPs special service packages																	Mercy Corps, Agro-Service, ABCO
2.3. Awareness raising of new inputs, machinery and equipment and extension service for FGs and ASPs.																	Mercy Corps, ABCO, Agro-Service
2.4. Co-investment for profitable expansion for ASPs																	Mercy Corps
3.2. Establish spaces for dialogue between FGs, service providers and the government sector																	Mercy Corps, GIPA
3.3. Trainings to government staff																	GIPA
3.4. Trainings to FGs and ASPs related to Gender, Leadership and Lobbying/Advocacy skills																	Mercy Corps, GIPA
3.5. Facilitate orientation sessions from the government to FGs and ASPs																	Mercy Corps, GIPA
3.6 Advocacy/lobbying campaigns																	Mercy Corps, GIPA, Lobby Groups

### **3 Beneficiaries/affiliated entities and other Cooperation**

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#### **3.1 Relationship between the Beneficiaries/affiliated entities of this grant contract**

The strong coordination unit established in the Programme has gained more strength after the geographical expansion of the Programme area. The decision-making process is successfully being performed jointly on core activities by all partner organizations. Programme coordination meetings are usually held on a quarterly basis and attended by all staff members of the MC consortia. This allows that the whole chain of management, including any employee is aware and is always well informed of the Programme implementation progress. The coordination meetings are held to set targets, plan future activities, develop short-term schedules and assign responsibility for each specific Programme activity. Once plans have been developed through the coordination meetings, and the division of responsibility has been determined, each agency is then responsible for designing and implementing that intervention, whilst Mercy Corps provides oversight and coordination support.

Successful collaboration between the Programme parties is strengthened by the work of 7 regional coordinators representing the 4 Programme partner organizations having uninterrupted interaction due to their responsibilities under the Programme.

As with previous years, a Programme Selection Committee with 2 members from MC and one per partner organization, continues its work based on the same principle: selection of the Programme beneficiary cooperatives and ASPs is grounded on the simple majority of votes of the committee members. With this approach, there was no opportunity for decisions to be made by a single agency and a conflict of interest was mitigated.

The Programme partners continue submission of due Programme narrative and financial reports to Mercy Corps on a monthly / quarterly basis.

#### **3.2 Relationship with State Authorities**

Soon after the Parliamentary elections, the Programme built strong relationships with the newly appointed Minister and other officials. The MOA is constantly informed of Programme progress and is involved in the ongoing developments. The MOA duly values Mercy Corps' leading role in Programme implementation and is ready for cooperation. The Mercy Corps consortium regularly attends the ENPARD stakeholders' coordination meetings run by the MOA and supported by FAO.

Since the initial phase of the Programme implementation the MC consortium has established a strong relationship with ACDA through exchanging information and participating together in various events. The formal coordination meetings are held each month, where the ACDA, ENPARD implementing agencies and other interested parties share information and plan future joint activities.

Mercy Corps consulted ACDA in the development of the new projects designed to strengthen the cooperatives. To support the capacity building of ACDA, three members of ACDA participated in study tours in the Netherlands and Poland which took place in the reporting year.

Like in the preceding year, Mercy Corps provided financial assistance to MOA and ACDA through the organization of the 16<sup>th</sup> International Agro+Food+Drink+Tech Expo Georgia.

The high level of engagement between the Programme team and the **ICCs** continues in each of the municipalities where the Programme is operational. In 2016, the relationships with new 5 ICCs in the 5 new municipalities covered by the Programme in addition to those initial 16, proved to be the same high level as it was with other 16. ICC personnel have supported the applicants by providing advice on filling in the application forms and passing on completed applications to the Regional Coordinators. As a result of the close collaboration with the Programme team, the ICC representatives are capable of supporting other farmers interested in forming cooperatives. With the aim to increase the ICCs' capacity, Mercy Corps and its partner GIPA delivered 5-day training sessions for the ICC representatives from 40 municipalities of Georgia.

#### **3.3 Relationship with other organisations involved in implementing the Action:**

- Associate(s)

N/A

- Sub-contractor(s)

The hired engineer continues supporting the assessment of projects submitted by cooperatives and ASPs that require building, renovation and construction or where the technical scope of the project is beyond the expertise of the Mercy Corps procurement team. The engineer reviews project design and bills of quantities, supports Mercy Corps in making tender assessment and overseeing all construction works.

The hired apiculture consultant continues supporting Mercy Corps' procurement processes of bee families, evaluating their health conditions and provides on-site consultations to the Programme beneficiaries.

The expert in livestock husbandry was contracted to attend field trips in program target municipalities and participate in the selection process of the livestock for the cooperatives, checking the health of animals and providing support in procurement procedures.

A short-term contract was set up with an apiculture consultant to collect information about modern apiculture techniques and technologies and update the content of the guidebook published in 2013 and prepare a new edition for publishing.

- Final Beneficiaries and Target groups

Through the wide-reaching information campaign, the presence of coordinators and offices within every region and by liaising with the RICCs, the Programme has been able to reach out to every community within the 21 target municipalities and ensure that all potential beneficiaries are aware of the Programme opportunities and on how to access them. In addition, an open line to both the Regional Coordinators and the Mercy Corps office in Tbilisi has provided farmers with the opportunity to gain detailed information on agricultural cooperation and the ENPARD Programme. To facilitate information exchange and improved communication in the Programme, Mercy Corps continues to use a text messaging service through which all applicant farmers' groups and ASPs are notified about the status of their application, upcoming trainings etc. This service is used to complement regular information exchange provided by the Regional Coordinators. Through this approach, Mercy Corps feels confident that the Programme is both accessible and transparent for all those who wish to engage with it. It is notable that, in 2016, during the 6<sup>th</sup> cycle of the cooperative selection, preferences were given to the women-driven cooperatives.

- Other third parties involved (including other donors, other government agencies or local government units, NGOs, etc.)

There are regular coordination meetings both in East and West Georgia between the four ENPARD implementing agencies, to provide updates on progress of their respective actions and plan future joint activities. In the reporting period, two sectoral fora were established where involvement of local government and state institutions is essential. As the Programme moves into its final year of implementation, more emphasis is put on cross-visits of the beneficiaries to different municipalities. The ENPARD implementing agencies will collaborate on the Programme impact evaluation report at the national level.

### 3.4 Links and synergies developed with other actions

Mercy Corps and its partners are the members of the GAARD established based on the agreement between the parties to make a coordination platform for different stakeholders to discuss the prospects of future joint efforts and new opportunities.

Since the Programme expanded its coverage to 5 new municipalities in Samtskhe-Javakheti and Kakheti, linkages were established with other USAID MC Programme being implemented with ICCN: **Broadening Horizons: Improved Choices for the Professional and Economic Development of Women and Girls** covering the same SJ region. The cooperatives from SJ that have been supported under the above-mentioned USAID Programme, were informed of the new opportunity in their region and some of them were encouraged to apply for an ENPARD grant.

The Programme established linkages with another USAID REAP project, covering some similar beneficiaries and successfully complementing each other's efforts.

A similar picture reflects the mutually beneficial linkages established with another NIRAS RED Programme covering the same region of SJ.

There is always space for synergies and coordinated actions to complement each other's efforts when it comes to same regions, same municipalities and same beneficiaries. This kind of "union" is mutually beneficial and allows for better dissemination of information, replication and complementation of the successful donor-funded projects.

### **3.5 Building upon/complementing previous EU Programmes**

The MC ENPARD Cooperatives Programme is actively cooperating with ENPARD RURAL Programmes like MC, PIN and CARE International. MC ENPARD and RURAL ENPARD partners collaborate and share information through communicating at theme-specific events, workshops and conferences.

## **4 Visibility**

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The Programme partners ensure that the Programme is widely publicised and that EU and ENPARD visibility is prominent on electronic and printed documents and publications. Programme banners have been produced that are used for workshops and presentations and that prominently display the EU and ENPARD logos and title of the Programme. In addition to the above, Mercy Corps and partners' staff always highlight the donor's contribution during the meetings with government stakeholders, Programme beneficiaries, contractors, in their presentations and at other events. Media tours, agricultural fairs and TV program videos have also been organised so that agricultural cooperation, and ENPARD's role in supporting this process, is broadly promoted.

During the lifespan of the Programme, Mercy Corps established closest ties with ECU to ensure that all Programme actions meet the EC visibility regulations and are in full compliance with the Donor requirements.

**The European Commission may wish to publicise the results of Actions. Do you have any objection to this report being published on the EuropeAid website? If so, please state your objections here.**

Mercy Corps has no objections to the activities and results of this Programme being published on the EuropeAid website.

Name of the contact person for the Action:

**Zoe Hopkins**

Signature: .....

Location: **Edinburgh, Scotland**

Date report due: **28 February 2017**

Date report sent: **28 February 2017**