



UN Development Programme

Georgia - Tbilisi

Award ID: 00049355
Award Title: AJARA ECON DEVELOPMENT
Start Year: 2008
End Year: 2011

Budget (US\$) as of Last Revision on 29-April-2011

Donor	Fund	Amount
UNDP	04000 TRAC (Lines 1.1.1 and 1.1.2)	49,270.75
GOVT	30071 Programme cost sharing - GOV1	90,445.83
Finland		481,062.80
Total		620,779.38

Implementing Partner
(Executing Agency): DIRECT EXECUTION

Responsible Party

(Implementing Agent): UNDP, Batumi VET, Batumi Business Incubator

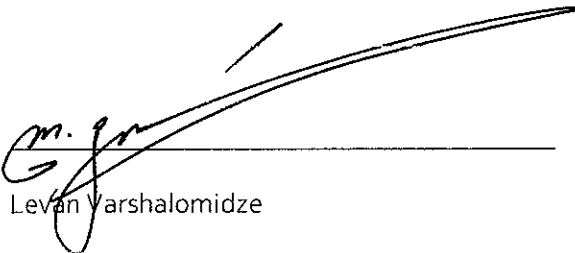
Revision Type: Substantive revision 03

Brief Description:

This revision is made to reflect:
- expansion of the project with the increased focus on trade facilitation as described in the attached document. This phase will be financed by the Finnish Government (481,062.80USD) mobilized through UNDP Bratislava office managed project Aid for Trade. The project budget is entered in Atlas by Bratislava office (project ID ~~77202 under SVK 10 Activity 16-20~~) and will be managed locally by Georgia CO. The project will end in April 2013.

Agreed by Autonomous Republic of Adjara:

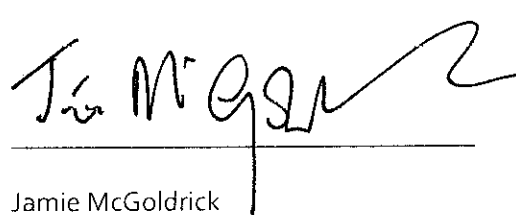
Agreed by UNDP:



Levan Varshalomidze

Chairman of the Government

Date: 2-May-11



Jamie McGoldrick

Resident Representative

Date: 2-May-11



SUPPORT TO TRADE DEVELOPMENT IN AJARA AUTONOMOUS REPUBLIC OF GEORGIA

1. SITUATIONAL ANALYSIS

Overview. Ajara is one of the fastest developing regions of Georgia. The Government has identified this region as the main business and tourism center of the country. Boosting privatization process and economic restructuring, started in 2004, has already resulted in significant inflow of foreign and domestic investments in the real estate, services and infrastructure sectors. In addition, the Free Trade Agreement concluded between Georgia and Turkey opens up prospects for export related foreign investments into the region.

Economic Development Challenges. Despite the growing private and state investments, there are many challenges that the local economy faces:

- non-diversified economic profile,
- limited export orientation of the economy (especially in merchandise trade),
- weakening rural economies,
- low level of professional skills of employed and self-employed,
- poverty in high mountainous regions and domination of subsistence forms of agriculture.

One of the main problems of the Ajarian economy is that the current labour force does not possess the necessary knowledge and skills that are currently demanded by the labour market. The labour market is in growing demand for certain vocations, especially in the tourism, agricultural processing, construction, and production sectors which is an impediment for employers and job seekers as well.

Opportunities. The geographic location of Ajara (which is adjacent to Turkey) plays an important role in terms of opening up new opportunities for trade development, export and attracting foreign investments into traditional and new sectors (for example, textile and manufacturing sectors). Though there is no institutionalized business development service provider in Ajara (except the UNDP developed business incubator which provides services to its tenants) oriented on SMEs and exporters. It is obvious, that the focus of the tourism industry related services over the rest of economy is not sustainable from a long-term perspective and cannot ensure improved living standards for the wider population.

UNDPs and the Ajara Government's Vision on Economic Development. In previous years UNDP, has performed private sector assessments: "Existing Business Support Measures in the Region" and "Perspectives for Economic Diversification of the Region" within the framework of the project "Economic Development of the Ajara Autonomous Republic" (started in 2008). Based on the results of these studies UNDP has launched activities to support local economic development: elaboration of a local economic

development strategy, a business incubator, and support to the development of agriculture and tourism sectors. UNDP has positioned itself as a leading agency for local economic development in the region.

In 2010, the Government of Ajara Autonomous Republic developed the Economic and Social Development Strategy, which highlights the tourism sector, foreign investments and export promotion as its main priorities.

Aim of the project. In order to keep pace with international competition in goods and services, on the background of emerging business opportunities, there is a need for complex trade development support to SMEs, farming, processing industry and local public authorities. Such support will foster the capacity development of relevant development public agencies and overcome lack of knowledge and experience of private sector companies in identifying existing or new market opportunities.

2. STRATEGY

Overall Approach. The overall aim of this project is to support the economic development of the region through the promotion of trade in goods and services.

The project will endeavor to contribute to the effective positioning of Ajarian goods and services on the domestic and foreign markets through supporting the private sector in marketing and export facilitation and empowering relevant public development agencies. The project will support improving effectiveness and efficiency in agriculture farming – the largest employer for the most vulnerable part of the rural population - through the development of value added chains and facilitation of their access to market.

Areas of Intervention. Along the tourism sector, the project will support the development of agriculture, export oriented businesses, developing professional skill of unemployed and facilitate export-oriented investments.

Agriculture is the most sensitive sector in terms of poverty. Poverty is shaped by its rural character. The rural population does not benefit by the tourism service sector development efforts. Rural populations (except for some citrus growers) mostly undertake subsistence agriculture dominating farming activities. The sector is significantly fragmented and non-commercialized. The market supply chains are weak and the productivity of the sector is low. The formerly developed citrus and tea growing and processing sectors are now in poor conditions due to a lack of investment and market promotion opportunities. The project will support local farmers' access to local and foreign markets through agriculture extension services and post-harvest handling.

Currently, the **tourism service sector** is the leading sector of the Ajarian economy. The related support services sector has a high multiplier impact. The sector creates market opportunities for various types of products and services, especially processed/packed and non-processed food products. The project will develop **value added chains in agriculture** through post-harvest handling (consolidation) and developing reliable supply chains using existing non-utilized niches for food products (as an example, tourism services related markets). The project aims at supporting both: **production/processing and marketing/exporting** cycles to ensure effectiveness of trade supporting measures.

Agriculture extension services and joint post-harvest handling (consolidation of farmers' harvest) leading to an effective marketing of their products, export related advice, consultancy and market information provision coupled with business development services for local companies will be designed and provided by the project. These services will be provided through the Batumi Business Incubator (already established by the Government of Ajara and UNDP), a Business Information and Investment Centre (planned to be established by the Government of Ajara). These entities will provide standard and tailored business development services to their tenants and third companies and will become the service providers for farmers, exporters and importers, as well as for foreign companies

seeking to invest in the economy of Ajara. The Government plans to establish new Business Incubator as well, based on the positive experience of the first incubator which will expand significantly.

Target groups. The target groups of the project are:

- Small scale local farmers and producers;
- Small and Medium Enterprises: both, domestic and foreign;
- Unemployed;
- The Ajara Government and newly established development agencies: Ajara Tourism Agency, Agribusiness Service Centre and Business Information and Investment Centre.

Gender dimension. Special attention will be paid to women – potential beneficiaries, especially to farmers, entrepreneurs and unemployed (please see specific targets in the attached RRF). They will be able to benefit from vocational courses and consultations through agriculture extension services, as well as post-harvest handling - assistance in selling the agriculture products.

PLANNED ACTIVITIES

The project is organized around the following components:

1. Provision of Business Development Services.
2. Support to employability/improvement of professional skills of workforce in agriculture and tourism sectors.
3. Promotion of Trade in Agriculture.
4. Promotion of trade in services (tourism).
5. Facilitation of foreign trade and promotion of foreign investments

Activity 1. Provision of Business Development Services¹. The project will support the further development of the Batumi Business Incubator, which currently is a major provider of sustainable business development services in Ajara.

The Business Incubator provides **Business Development Support** to its tenants and irregular clients (SMEs) through consultancies in support of business development planning, marketing, finances and management. Thus, the services of the Incubator can be divided by standard and tailored to the client's needs (either tenants or outsiders). The business development service package of the Incubator will be diversified and it will become the **"one stop shop"** for farmers, exporters and importers willing to develop their businesses.

The Incubator's role, due to the establishment of Trade Promotion Centre (TPC) in this project will be extended to the one of the main coordinator of provision of support to farmers and SMEs. The consultants of the incubator will be involved in:

- Assessment of the marketing opportunities for the main types of agriculture products.
- Support to state extension service provider (Agri-Service centre). Developing of business plans and planning of supply chains development for the identified products.
- Obtaining access to foreign market information sources related to the main and potential exporting products from Ajara and its regular update so to provide easy access to the information.
- Organizing periodic thematic and consultation sessions for target groups of SMEs and farmers on the predetermined themes related to trade issues, for example regulations, quality control, business forums' related opportunities and so on.

This component will be implemented through:

¹This component will be partly financed by the funds provided by the Government of Ajara Autonomous Republic based on Cost-Sharing Agreement dated by 2009.

- 1.1 Provision of consultancies and trainings through the BBI and the Trade promotion Centre (see activity 5 below).
- 1.2 Capacity development of the staff through relevant training and consultancies.
- 1.3 Creation of a data base of market information.
- 1.4 Provision information and consultancy sessions to the TPC and Agri-Service Centre (ASC) clients and foreign companies/potential investors.

Activity 2. Development of Professional Skills of Labor Force². The project will support the development of professional skills of the unemployed to increase their competitiveness in the labor market and contribute to the newly emerging private sector companies (especially in the tourism and service sector) by providing them with high quality labor force.

The project will support the VET Centre in the study of the **Local Labor Market Demand** to enable it to regularly identify the profile of demand for labor force skills.

Based on the results of the Survey, trainings will be provided which will be coupled with relevant teaching and working practice.

In cooperation with the Ministry of Education and Science, the project will also support the development of two new **textbooks** in tourism related professions (x2), which the national system of vocational education currently lacks.

This component will be implemented in close cooperation with the UNDP implementing partner Batumi Professional Education College.

The sub-activities of this component include:

- 2.1 Implementing segmented (tourism sector) Local Labor Market Demand Survey.
- 2.2 Delivery of Vocational Training in the vocations identified as priority by the Survey.
- 2.3 Developing of two textbooks in tourism services related professions.

Activity 3. Promotion of Trade in Agriculture. The project will address the issue of stable access to markets. The project will develop **value added chains in agriculture** by means of post-harvest handling (consolidation) and developing reliable supply chains of the growing tourism services' industry buyers using existing non-utilized niches for food products.

As in many other regions of Georgia, farmers in Ajara lack specific up-to-date knowledge of effective farming methods. They do not possess information on modern types of seeds, fertilizers, irrigation, field crops and animal husbandry. There are no possibilities for farmers to obtain adequate market information about the best price options, wholesale buyers and others. It should also be noted that there are no stimulus for farmers for consolidation and organized stable supply of their products to markets and the creation of cooperatives.

The project will support farmers from the regions in **post-harvest handling, marketing, building stable and regular supply chains** through joint post-harvest handling (consolidation) and extension services provided by qualified consolidation agents and extension workers. This project will help the farmers from selected areas to build stable supply chains of agriculture products and establishing business links with relevant counterparts. The project will plan the development of supply chains based on the assessment of the developing marketing opportunities per main types of products. It is clear that there is a growing demand for agriculture and food products from developing tourism services sector. The project will support the farmers in developing the supply chains to satisfy this type of growing demand through consolidation of harvest and mobilization of the farmers in their ability to supply to the market (for

² This component will be partly financed by the funds provided by the Government of Ajara Autonomous Republic based on Cost-Sharing Agreement dated by 2009.

example to tourism services sector enterprises). The project will support farmers in planning, consolidation of their products and developing mechanisms of stable delivery of their products when they are demanded. The project will assist the farmers by means of provision of market information, joint post-harvest handling and consultancy and training.

This project will also support the **introduction modern agriculture technologies** and effective farming methods in agriculture through the provision of agricultural extension services and assistance in market promotion to small farmers (especially in remote mountainous areas).

This component will be implemented through:

- 3.1 Assessment of marketing opportunities for the main types of products and development of post-harvest handling plans.
- 3.2 Delivery of extension services and facilitation of consolidation through standard and individual consultations, provision of services through consolidation agents, coaching of farmers and support to them in marketing and sales.
- 3.3 Developing demonstration spots for facilitation of application of modern agriculture technologies and effective farming methods in parallel with the sub-projects on trade facilitation funds.
- 3.4 Developing storages for facilitating post-harvest handling (consolidation) services to farmers.

Activity 4. Promotion of trade in services (tourism). The project aims at the effective positioning of the Ajara region on the Black Sea tourism market to support the sustainable development of the tourism sector. This component of the project envisages supporting the capacity development of the newly established Ajara Tourism Agency (ATA) under the Ajara Tourism Department in positioning it as an effective policy maker and tourism promotion policy implementer.

In order to identify the competitiveness, strengths and weaknesses, as well as the level of satisfaction of tourists with the services provided, a **tourist satisfaction survey** will be implemented. The results of the survey will help policy makers to effectively plan tourism development policy.

The project will assist the Agency in developing capacities to establish strategic priorities in the sector. Good international practice will be considered – experience of Eastern European countries, which are well positioned in the regional tourism market and have more or less similar socio economic contexts. In this regard, Romania and Bulgaria are considered as best examples.

Therefore, the project will support the Agency in **"twinning"** with the relevant public agencies from the selected country for sharing of experience between the senior and middle level management on successful and un-successful cases. Special attention will be paid to the aspects of strategic development planning, experience in marketing and positioning of different types of tourist destinations, private sector stimulation and support measures.

The project will organize visits of the partner agency's management and experts to Ajara for an initial scoping and thematic mission. Based on the long-term strategic vision the Agency will develop its action plan, operational plan and operations guide in cooperation with consultants provided by the project and the partner foreign agency. Based on this, the job descriptions for each staff member will be developed to effectively use the human and financial resources and operationalize the strategic approach developed. The **capacities of the Agency's staff** will be developed through relevant training programs and consultancies in determined topics.

The project will provide technical assistance to the Agency in the development of modern **ICT technologies** based services in the sector: service providers and tourists. The development of an on-line reservation system is considered as a priority. It will cover the hotels and various tourist products providers' services to facilitate sales and decrease transaction costs in the tourism sector. The system will also serve as a provider of information for tourists.

This component will be implemented through:

- 4.1 Planning and implementing of the Survey on Tourism Sector Services;
- 4.2 Technical support in "twinning" and developing strategic partnership development with the selected partner agency, for supporting the long term planning of the Agency
- 4.3 Developing of an action plan and job descriptions for the Agency;
- 4.4 Support in the development of modern ICT technologies based services.

Activity 6³. Facilitation of foreign trade and promotion of foreign investments.

The Ajara region is currently not oriented towards exporting. The traditional export market links are weakened and the export structure is weakly diversified. Access to new markets requires specific knowledge of marketing, foreign regulations and quality management the private sector in Ajara lacks. The project intends to assist businesses both, in production and marketing cycles (either to foreign or domestic markets) to ensure effectiveness of trade supporting measures.

The project will support the provision of services to foreign companies as well, wishing to invest and operate in Ajara through establishing regular and tailor services for the provision of information and hands-on support in dealing with export formalities. The services will be provided through individual consultancy services and the resources placed on the web site.

The project will assist SMEs access to market through the provision of consultancy and information through the **Trade Promotion Centre (TPC)** which will be affiliated with the existing Business Incubator. The overall objective of the TPC is to facilitate local business entities' access to new markets, information, technology, innovations as well as providing information to foreign investors on the prospects, local business environment, regulations and others.

The center will provide professional consultancy to local SMEs on export and other business development related issues. The TPC will be integrated into the Batumi Business Incubator (a legal entity of public law established by the Ministry of Finance and Economy of Ajara and supported by UNDP). Two staff members, with relevant experience and expertise will provide consultancy to the clients. The TPC will work in a proactive manner, organizing planned session to target groups of beneficiary companies on the topics related to trade and business development, as well as to farmers in marketing thus coupling the business development and extension services.

The incubator holds a team of consultants who regularly provide advice on business related issues to local SME's and a number of tenants. Affiliation of the TPC with business incubator will help to quickly operationalize the TPC services.

The project will support the **capacity development of the TPC** staff through relevant trainings and consultancy missions. The sustainability plan for ensuring sustainability of the services will be elaborated and its milestones will be achieved during the project activities.

The project will develop and publish a **directory of local exporting companies**. The Directory will comprise of the description of the companies' profiles, and their services and/or products. The directory will be distributed on international and domestic business conferences and will help the national companies in finding business partners.

An Exporters' and Importers' Guidebook will be developed by international and national experts in trade. The Guide will compile useful and important information for those, who want to export and import.

³ The sequence of the activities' numbering is not consistent due to adjustment to the current project's activities' numbering (activity 5 is management of the project which is not described in this document)

The Guidebook will comprise of information on national rules and legislation on export, bilateral and multilateral preferences Georgian exporters may enjoy, technical and administrative requirements imposed by Georgia's main trading partners. The Guidebook will play an important role in the 'road map' for exporters from Ajara and the whole of Georgia. The short version of the Guidebook will be designed and published in the form of leaflets. The staff of the TPC will ensure the regular update of the guidebook. Therefore, the project envisages regular update of the guidebook and publishing of the updated versions each year of the operation of the project.

The TPC and the project team will develop **online service provision system for its client**. The information of exporters' directory, as well as from exporters' and importers' guide book will also be placed on this web-site. The web-site will be designed in a way to provide on-line services to foreign companies as well.

The project will support the development and publishing of the **Investment Guide** to Ajara. The Guide will provide potential foreign investors with information on various aspects of the business environment and regulations, as well as with information on potential investment projects. The Guide will be published and distributed through international and local business conferences. Its content will be placed on the web site for easy access. The Guidebook will provide the companies with relevant contacts and references to useful resources. The Guide will also facilitate the establishment of contacts between foreign companies and the TPC. The TPC will provide information and consultancy to the companies. Relevant Business Incubator staff members (consultants) will be involved in the delivery of services to the TPC client companies whenever relevant expertise is needed.

The project will support the implementation of various **trade facilitation related sub-projects** to be identified through the trade development needs assessment of Ajara. In addition, the ideas for the projects will be gathered through consultations with public agencies, the private sector and farmers. The project will allocate funds for financing the trade facilitation related projects. The funds will aim at community level projects for farmers' access to market (depending on the needs of concrete communities: support to better farming, post-harvest handling and marketing, collection and sharing market information and so on), developing of capacities of relevant public agencies (identified in cooperation with the Government), developing of trade facilitation tools: web tools, publications and so on.

The sub-activities under this component:

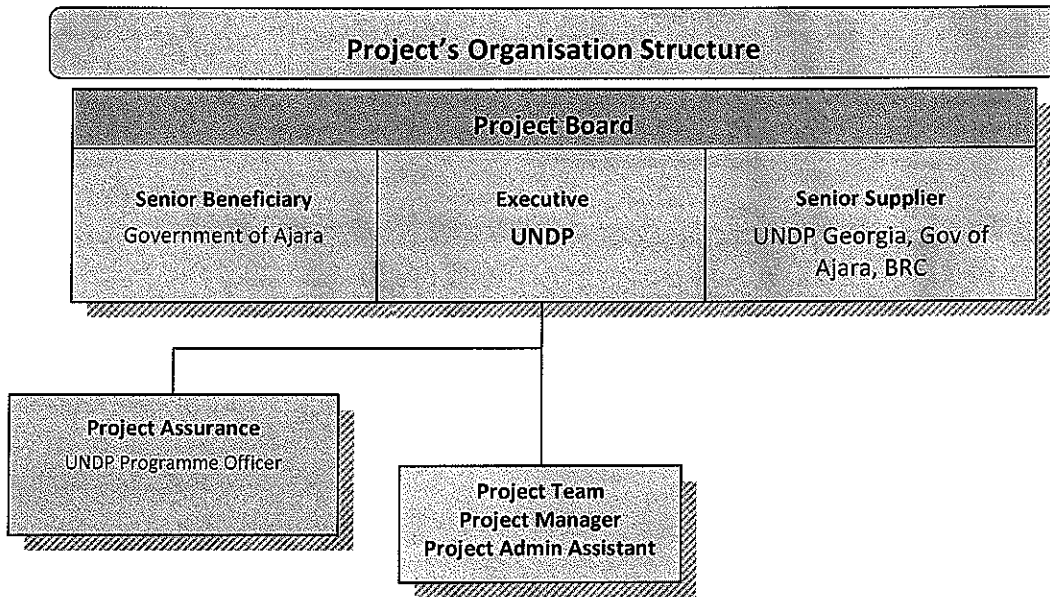
- 6.1. Developing an Operations Guide and business plan for TPC (based on the Needs Assessment);
- 6.2. Capacity development and technical assistance to the TPC staff
- 6.3. Conducting regular and individual sessions for TPC clients and exporters.
- 6.4. Developing and publishing of Exporters Directory
- 6.5. Developing and publishing of Exporters Guide book
- 6.6. Developing of web-based services: information and web-site design
- 6.7. Developing and publishing the Investor's Guide
- 6.8. Implementing projects from the funds earmarked for supporting trade facilitation needs.

4. MANAGEMENT ARRANGEMENTS

Implementation. The project will be implemented by UNDP Georgia through DEX management modality by the team of the project "Support to Economic Development of Ajara Autonomous Republic" (please visit: http://www.undp.org.ge/index.php?lang_id=ENG&sec_id=40&pr_id=127).

The project assurance will be provided by the UNDP CO and relevant Project Team (consisting of the Project Manager, Financial, and Administrative Assistant) who will be responsible for implementing the project activities in Ajara Autonomous Republic.

Financial Aspects. The project will be financed from three sources: UNDP, Ajara Government (according to the Cost Sharing Agreement dated by 2009) and Finnish Government (Please see the budget and Annual Work-plan attached).



5/ Results and Resources Framework

<p>Intended Outcome as stated in the Country Programme Results and Resource Framework : OUTCOME 3: By 2013, the capacity of public, private and civil society actors is increased to address human development challenges through evidence-based, inclusive and sustainable policies and through private sector-based pro-poor development</p> <p>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets (CPAP based):</p> <p>Indicator: 1.1.2. Availability of policy and operational measures enhancing; Baseline: 1.1.2. Policy and operational instruments enhance small business development</p> <p>Applicable Key Result Area (from 2013-15 Strategic Plans): Poverty eradication and achievement of internationally agreed development goals, including the MDGs: Promoting inclusive growth, gender equality and achievement of internationally agreed development goals, including the MDGs</p> <p>Partnership Strategy: The project will be implemented in close cooperation with Batumi Business Incubator and Batumi VET, which will serve as implementing partners of the project.</p> <p>Project title and ID (ATLAS Award ID): 00049355/00070829</p>				
INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESP. PARTIES	INPUTS
<p>Output: Enhanced capacities and opportunities for diversifying the economy of Ajara through economic development tools, thus counteracting poverty in the region</p> <p>Baselines: 1/ Limited institutionalised business development services in the region 2/ Limited opportunities for vocational training and retraining compliant with labour market requirements 3/ Limited information and consultancy services provided to farmers 4/ Low level of international competitiveness of the region's tourism sector 6/ Limited opportunities for businesses to export</p> <p>Indicators: 1/ Growth of targeted businesses 2/ # of people re-trained in</p>	<p>Targets 2011: 1.1. Training delivered to the BBI staff 1.2. 80 hours of trainings and consultations delivered to the BBI tenants 1.3. At least 4 group information and consultation sessions are held 1.4. Data base and information resources are created ----- 2.1. VET trainings delivered in IT professions to 50 students 2.2. VET trainings delivered in construction professions to 12 students 2.3. VET trainings delivered in tourism related professions to 40 students 2.4. 1 textbook developed ----- 3.1. Extension and consolidation services for farmers developed 3.2. Demonstration Spots organized 3.3. 150 hours (at least 40% to women) of trainings and consultations delivered to farmers 1.5. Assessment of marketing opportunities for at least 4 selected agricultural products performed ----- 4.1. Survey on tourism sector services conducted and issued 4.2. ATA's Operations Guide developed 4.3. ATA's Manual Handbook Developed 4.4. ATA's Staff Job Descriptions developed 4.5. ATA's staff trained 4.6. New IT technologies introduced ----- 6.1. TPC Operations Guide developed 6.2. TPC staff trained 6.3. 200 hours of consultant's services delivered to private companies (at least 20% owned/managed by women) 6.4. Exporters Directory Developed and published 6.5. Exporter's Guide Book Developed and published 6.6. Investor's Guide Developed and published 6.7. TPC web page developed</p>	<p>Activity 1: Provision of Business Development Services 1.1. Provision of consultancies and trainings through BBI and Trade promotion Centre. 1.2. Capacity development of staff through relevant training and consultancies. 1.3. Creation of database of market information. 1.4. Provision of information and consultancy sessions to the TPC and Agri-Service Centre (ASC) clients and foreign companies/potential investors.</p> <p>Activity 2: Development of Professional Skills of Labor Force 2.1. Implementing segmented (tourism sector) Local Labor Market Demand Survey. 2.2. Delivery of Vocational Training in the vocations identified as priority by the Survey. 2.3. Developing two textbooks in tourism services related professions.</p> <p>Activity 3: Promotion of trade in agriculture 3.1. Assessment of marketing opportunities for the main types of products and development of post-harvest handling plans. 3.2. Delivery of extension services and facilitation of consolidation through standard and individual consultations, provision of services through consolidation agents, coaching of farmers and support to them in marketing and sales. 3.3. Developing demonstration spots for facilitation of application of modern agriculture technologies and effective farming methods in parallel with the sub-projects on trade facilitation funds. 3.4. Developing storages for facilitating post-harvest</p>	<p>UNDP Project team</p> <p>Main partners: Ajara AR Ministry of Economy and Finance Ajara AR Ministry of Agriculture Ajara AR Ministry of Education Batumi VET Centre Ajara Tourism Agency Batumi Business Incubator Farmers and their associations Exporters and their association Investors and their Association Businesses and business associations</p>	

Intended Outcome as stated in the Country Programme Results and Resource Framework : OUTCOME 3: By 2013, the capacity of public, private and civil society actors is increased to address human development challenges through evidence-based, inclusive and sustainable policies and through private sector-based pro-poor development	Outcome Indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets (CPAP based): Indicator: 1.1.2. Availability of policy and operational measures enhancing; Baseline: 1.1.2. Policy and operational instruments enhance small business development	Applicable Key Result Area (from 2013-15 Strategic Plans): Poverty eradication and achievement of internationally agreed development goals, including the MDGs: Promoting inclusive growth, gender equality and achievement of internationally agreed development goals, including the MDGs	Partnership Strategy: The project will be implemented in close cooperation with Batumi Business Incubator and Batumi VET, which will serve as implementing partners of the project.	Project title and ID (ATLAS Award ID): 00049355/00070829	INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESP. PARTIES	INPUTS
vocational professions through UNDP support	3/ # of client farmers succeeded in marketing (gender disaggregated) 4/ # of tourists supporting projects developed by the Tourism Agency (ATA) 6/ # of businesses succeeded in their business plans implementing and exporting	Targets 2012: 2.1 VET trainings delivered in 3 professions to 40 students 2.2 1 textbook developed and published 3.4 Demonstration Spots managed 3.5 200 hours of trainings and field consultations delivered to farmers (at least 30% to women) 4.1 Relations with strategic partner Agency are developed 4.2 New IT technologies in supporting provision of tourism services introduced 6.1 Exporters Directory updated 6.2 Exporter's Guide Book updated 6.3 Investor's Guide updated and published 6.4 TPC staff trained 6.5 350 hours of consultant's services delivered to third companies (at least 20% owned/managed by women) 6.6 Trade facilitation project identified and implemented Targets 2013: 2.1 VET trainings delivered in 2 professions to 25 students 3.1 Extension and consolidation services for farmers provided 3.2 Demonstration Spots managed 3.3 30 hours of trainings and field consultations delivered to farmers 6.1 Exporters Directory updated 6.2 Investor's Guide updated and published 6.3 TPC staff trained 6.7 80 hours of consultant's services delivered to the third companies (at least 20% owned/managed by women) 6.4 Trade facilitation needs identified and projects are implemented	handling (consolidation) services to farmers Activity 4: Promotion of trade in service (tourism) 4.1 Planning and implementing of the Survey on Tourism Sector Services; 4.2 Technical support in "twinning" and developing strategic partnership development with the selected partner agency), for supporting long term planning of the Agency 4.3 Developing of action plan and job descriptions to the Agency's staff; 4.4 Support in development of modern ICT technologies based services Activity 5: Project Monitoring and Management Support 5.1 Implementing of project activities 5.2 Mobilising external expertise as required 5.3 Monitoring of project implementation and reporting Activity 6: Facilitation of foreign trade and promotion of foreign investments 6.1 Developing an Operations Guide and business plan for TPC (based on the Needs Assessment); 6.2 Capacity development and technical assistance to the TPC staff 6.3 Conducting regular and individual sessions for TPC clients and exporters. 6.4 Developing and publishing of Exporters Directory 6.5 Developing and publishing of Exporters Guide book 6.6 Developing of web-based services: information and web-site design 6.7 Developing and publishing the Investor's Guide 6.8 Implementing projects from the funds earmarked for supporting trade facilitation needs						

6. Budget, USD

Output/Activity Budget Item Description	2011				2012				2013				Total		Grand Total	
	UNDP	Gov	Fin Gov	Total	UNDP	Gov	Fin Gov	Total	UNDP	Gov	Fin Gov	Total	UNDP	Gov		
	Activity 1: Provision of Business Development Services															
1.1 BEI Management	0	1,000	0	1,000	0	0	0	0	0	0	0	0	0	1,000	0	1,000
1.2 Training and consultation delivery to the tenants and outsiders beneficiaries (Loc Consultants)	0	10,600	5,500	16,100	0	0	5,000	5,000	0	0	0	0	0	10,600	10,500	21,100
1 NET activity 1	0	11,600	5,500	17,100	0	0	5,000	5,000	0	0	0	0	0	11,600	10,500	22,100
Activity 2: Development of Professional Skills of Labor Force																
2.1 Manager's and trainer's salaries	0	26,182	3,500	29,682	0	3,500	4,500	8,000	0	0	0	0	0	29,682	8,000	37,682
2.2 Tourism Sector Labor Market Survey	0	0	1,500	1,500	0	0	0	0	0	0	0	0	0	0	1,500	1,500
2.3 Tools, demonstration and teaching materials	0	5,855	3,315	9,170	0	3,315	5,000	8,315	0	0	0	0	0	9,170	8,315	17,485
2.4 Office operations (stationery, etc)	0	2,234	1,000	3,234	0	1,000	1,000	2,000	0	0	0	0	0	3,234	2,000	5,234
2.5 Announcements (TV/newspapers), brochures	0	0	300	300	0	0	300	300	0	0	0	0	0	0	600	600
2.6 Rehabilitation of part of Betumi VET center building	0	5,074	0	5,074	0	0	0	0	0	0	0	0	0	5,074	0	5,074
2.7 Equipment for the IT Centre	0	3,569	0	3,569	0	0	0	0	0	0	0	0	0	3,569	0	3,569
2.8 Developing, design and publishing of textbooks	0	0	8,000	8,000	0	0	2,000	2,000	0	0	0	0	0	0	10,000	10,000
2 NET activity 2	0	42,914	17,615	60,529	0	7,815	12,800	20,615	0	0	0	0	0	50,729	30,415	81,144
Activity 3: Promotion of Trade in Agriculture																
3.1 Extension services (Consultancies and trainings)	0	10,000	5,000	15,000	0	0	23,000	23,000	0	0	6,000	6,000	0	10,000	34,000	44,000
3.2 Demonstration Spots	0	0	12,000	12,000	0	0	9,500	9,500	0	0	5,000	5,000	0	0	26,500	26,500
3.4 Developing and operation of consolidation (post-harvest handling support services	0	0	29,000	29,000	0	0	26,000	26,000	0	0	3,000	3,000	0	0	58,000	58,000

Output/Activity Budget Item Description	2011				2012				2013				Total		Grand Total		
	UNDP	Gov	Fin Gov	Total	UNDP	Gov	Fin Gov	Total	UNDP	Gov	Fin Gov	Total	UNDP	Gov			
	0	10,000	46,000	56,000	0	0	58,500	58,500	0	0	14,000	14,000	0	10,000		118,500	128,500
Activity 4: Promotion of trade in service (tourism)																	
3	NET activity 3	0	10,000	46,000	56,000	0	0	58,500	58,500	0	0	14,000	14,000	0	10,000	118,500	128,500
Activity 4: Promotion of trade in service (tourism)																	
4.1	Survey on tourism sector services (company)	0	7,510	6,000	13,510	0	0	0	0	0	0	0	0	0	7,510	6,000	13,510
	Visits of Partner Agency representatives to Ajara for developing of Operations Guide, manual handbook and job descriptions of Ajara Tourism Agency	0	0	11,000	11,000	0	0	6,000	6,000	0	0	0	0	0	0	17,000	17,000
4.3	Support in introducing of modern IT technologies	0	0	8,000	8,000	0	0	13,000	13,000	0	0	0	0	0	0	21,000	21,000
4	NET activity 4	0	7,510	25,000	32,510	0	0	19,000	19,000	0	0	0	0	0	7,510	44,000	51,510
Activity 5: Project Monitoring and Management																	
5.1	Project Manager	30,170	0	5,980	36,150	0	0	36,696	36,696	0	0	12,232	12,232	30,170	0	54,908	85,078
5.2	Fin/Adm Assistant	16,870	0	0	16,870	0	0	17,483	17,483	0	0	5,828	5,828	16,870	0	23,310	40,180
5.4	Office rent, security, cleaning	601	1,235	0	1,836	0	0	350	350	0	0	0	0	601	1,235	350	2,186
	office equipment/furniture	0	0	0	0	0	0	2,000	2,000	0	0	0	0	0	0	0	0
5.6	Communications (internet, telephone, etc)	130	455	0	585	0	0	300	300	0	0	100	100	130	455	400	985
5.7	Office operations (stationary, etc)	0	764	0	764	0	0	2,500	2,500	0	0	1,200	1,200	0	764	3,700	4,464
5.8	Travel (field trips and fuel)	1,500	6,460	0	7,960	0	0	6,000	6,000	0	0	0	0	1,500	6,460	6,000	13,960
5.9	Visibility	0	1,693	0	1,693	0	0	2,168	2,168	0	0	540	540	0	1,693	2,708	4,401
5	NET activity 5	49,271	10,596	5,980	65,847	0	0	67,497	67,497	0	0	19,900	19,900	49,271	10,607	93,376	153,254
Activity 6: Facilitation of foreign trade and promotion of foreign investments																	
6.1	Developing of Operations Guide and Business Plan of TPC	0	0	5,000	5,000	0	0	0	0	0	0	0	0	0	0	5,000	5,000
6.2	Equipment for the Centre	0	0	5,000	5,000	0	0	0	0	0	0	0	0	0	0	5,000	5,000
6.3	Developing and publishing of exporters directory	0	0	10,000	10,000	0	0	0	0	0	0	0	0	0	0	10,000	10,000

Output/Activity Budget Item Description	2011				2012				2013				Total			Grand Total
	UNDP	Gov	Fin Gov	Total	UNDP	Gov	Fin Gov	Total	UNDP	Gov	Fin Gov	Total	UNDP	Gov	Fin Gov	
	6.4	0	0	12,500	12,500	0	0	0	0	0	0	0	0	0	0	
6.5	0	0	4,000	4,000	0	0	0	0	0	0	0	0	0	0	4,000	4,000
6.6	0	0	14,000	14,000	0	0	6,000	6,000	0	0	4,300	4,300	0	0	24,300	24,300
6.7	0	0	2,000	2,000	0	0	2,000	2,000	0	0	2,000	2,000	0	0	6,000	6,000
6.8	0	0	16,000	16,000	0	0	24,000	24,000	0	0	8,000	8,000	0	0	48,000	48,000
6.9	0	0	0	0	0	0	30,000	30,000	0	0	8,000	8,000	0	0	38,000	38,000
6	0	0	68,500	68,500	0	0	62,000	62,000	0	0	22,300	22,300	0	0	152,800	152,800
TOTAL Activities Net	49,271	82,620	168,595	300,486	0	7,815	224,797	232,612	0	0	56,200	56,200	49,271	90,435	449,591	589,298
General Administration Fee - 40% of 7% rate	0	0	11,802	11,802	0	0	15,736	15,736	0	0	3,934	3,934	0	0	31,471	31,471
Grand Total	49,271	82,620	180,397	312,288	0	7,815	240,533	248,348	0	0	60,134	60,134	49,271.00	90,446	481,063	620,780

Note: The budget includes remaining funds of Phase 2 earmarked for 2011 (49,271.00/TRAC and 90,446/GOV).

* Government of Ajara will take over supporting of the BBI operations during the implementation period of this project

7. Timeline

	Output/Activity Budget Item Description	2011			2012				2013
		II	III	IV	I	II	III	IV	I
Activity 1: Batumi Business Incubator Capacity Development*									
1.1	BBI management support*	■							
1.2	Provision of consultancies and trainings through BBI and Trade promotion Centre*	■	■	■	■	■	■	■	
1.3	Capacity development of the staff through training and consultancies		■		■	■	■		
1.4	Creation of data base of market information		■						
Activity 2: Development of Professional Skills of Labor Force									
2.1	Segment (tourism sector) Local Labor Market Demand Survey.		■						
2.1	Delivery of vocational retraining courses		■		■	■			■
2.3	Developing, design and publishing of textbooks					■			
Activity 3: Promotion of Trade in Agriculture									
3.1	Assessment of marketing opportunities for the main types of products and development of post-harvest handling plans	■	■						
3.2	Delivery extension services and facilitation of consolidation through standard and individual consultations, provision of services through consolidation agents, coaching of farmers and support to them in marketing and sales	■	■	■	■	■	■	■	■
3.3	Developing of demonstration spots for facilitation of application of modern agriculture technologies and effective farming methods in parallel with the sub-projects on trade facilitation funds	■	■	■	■	■	■	■	■
3.4	Developing of storages for facilitating post-harvest handling (consolidation) services farmers.								
Activity 4: Promotion of trade in service (tourism)									
4.1	Design and implementing of the Survey on Tourism Sector Services		■						
4.2	Developing strategic partnership with the partner agency foreign tourism for supporting long term planning of the Agency		■		■	■			
4.3	Developing of action plan and job descriptions to the Agency's staff				■	■			
4.4	Support in development of modern ICT technologies based services					■			
Activity 5: Project Management									
	Management, monitoring, evaluation and reporting on project activities	■	■	■	■	■	■	■	■
Activity 6: Market Information and Consultation Centre									
6.1	Developing an Operations Guide and business plan for TPC		■						
6.2	Conducting regular and individual sessions for TPC clients and exporters		■	■	■	■	■	■	■
6.3	Developing and publishing of Exporters Directory		■						
6.4	Design and publishing of Exporters Guide Book and leaflets		■						
6.5	Developing of web-page and web-based consultation resources		■						
6.6	Developing of Investors' Guide and investment promotion materials		■			■			■
6.7	Design and publishing of Investors' Guide		■						
6.8	Capacity development of TPC staff and technical assistance	■	■			■			■
6.9	Delivery of consultants' services		■			■			■
6.10	Implementation of projects from funds for identified trade facilitation projects					■			

8. Monitoring Framework and Evaluation

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted, a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events
- The quarterly programmatic and financial, as well as risks and issues log update will be provided to the BRC Aid for Trade Development Project Team.

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

8. Legal context

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of (country) and UNDP, signed on (date).

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the implementing partner.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;

- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.