



UN Development Programme

Georgia - Batumi

Award ID: 00049355
Award Title: ADJARA ECON DEVELOPMENT
Start Year: 2008
End Year: 2011
Implementing Partner
(Executing Agency): DIRECT EXECUTION

Budget (US\$) as of Last Revision on 01-July-2009		
Donor	Fund	Amount
UNDP	04000 TRAC (Lines 1.1.1 and 1.1.2)	200,000.00
GOVT	30071 Programme cost sharing - GOV1	200,000.00
UNFUNDED		473,215.05
Phase II total		873,215.05

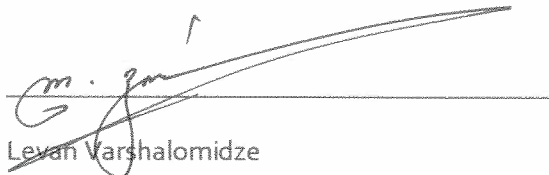
Responsible Party**(Implementing Agent):** UNDP**Revision Type:**

Substantive revision 02

Brief Description:

This revision is made to reflect:

- Ensuring extension of the current project in Adjara by introducing output 00070829 for the phase II of the project, which will start from 3-Jul-09.
- Adjara Government contribution of 200,000USD and UNDP (TRAC) contribution of 200,000USD to accommodate phase II of the project described in details in the attached Justification.

Agreed by Autonomous Republic of Adjara:**Agreed by UNDP:**


Levan Varshalomidze



Inita Paulovica

Chairman of the Government

Resident Representative a.i.

Date: 03-Jul-09Date: 03-Jul-09

JUSTIFICATION

for Substantive Budget Revision of the project Economic Development in the Adjara Autonomous Republic (award 00049355)

1. Introduction

UNDP in partnership with the Government of Romania and the Government of Adjara has implemented the project 'Economic Development in the Adjara Autonomous Republic' since January 2008. The project is the first initiative focusing specifically on the region of Adjara and is fully owned by the regional authorities. The first phase of the project ends in June 2009 and the second phase is planned for an addition 30 months (until December 2011). This justification for the substantive budget revision will explain the need for extension of the project 'Economic Development in the Adjara Autonomous Republic'. For this purpose, achievements up to date will be described and events that have shaped the development of the region. Then in the strategy will be explained how the project will continue to support economic development in the region and will mitigate some of the problems the region faces. The document will explain how the activities will affect the beneficiaries of the project and ensure sustainable results.

2. Background

The situation as described in the Project Document remains largely valid. The contribution of the agriculture sector to the GDP of the region is still minimal and the largest part of the agricultural production is realised by households, making agriculture a de-facto social safety net. The closure of the Russian market for Georgian products affected the export of agricultural products in negative terms. Tourism remains one of the primary contributors to the Adjarian economy but is too narrowly focused on seasonal tourism. The effects of the Global Economic downturn and the spillover of the August war have impacted the economy as a whole and Tourism in specific. In tourism there is a real need to improve quality standards and a need shift the focus to the cultural and natural heritage Georgia has to offer. The negative effect on other parts of the economy can be addressed through targeted interventions to promote the diversification of the economy, such as business information and incubators. The Adjara labour market continues to demand more professionals with the proper skills and qualifications. A recent labour market survey has revealed that the demand has shifted to those professions that allow for self employment. There is a need for qualified personnel in the construction, processing, tourism sectors and increasingly in the IT sector.

The project 'Economic Development in the Adjara Autonomous Republic' started in January 2008 and has since achieved significant results.

1. Set up of Business Information Center (BIC) and a Business Incubator (BI)

- Decision was made to combine and merge the BIC and BI;
- Preparatory phases for establishing these entities was completed;
- Information needs of businesses in the region and availability of economic information were assessed;
- The premise for BI was allocated by the government and rehabilitation is underway;

- Legal documentation, procedures and selection criteria were developed and BI was officially registered as legal entity of public law;

2. Batumi Local Economic Development (LED) Strategy

- Preparatory phase for drafting LED strategy document finalized has been finished through identification of LED stakeholders;
- An study was conducted to provide information needed as input for the LED process, including public, private sector and civil society needs, problem identification and prioritization;
- Stakeholders steering committee was established;
- Meetings organized and facilitated with Municipality of Batumi and Stakeholders;

3. Support for Vocational Education and Training

- Identification of most demanded professions in the Adjara region based on Georgian Employers Association (GEA) survey;
- Two qualification standards were prepared: fruit processor and vegetables processor;
- 10 Trainers were recruited and trained and trainings in different professions were delivered, a total of 159 trainees were trained;

4. Assessment of Special Agricultural Potential in Adjara

- Preparation of draft study examining the feasibility of crops and livestock in the different topographical and climatic zones of Adjara including recommendations on the introduction on new varieties or new crops for which Adjara region has a comparative advantage;

5. Tourism capacity development

- Strengthening of capacity of the Adjara Tourism Department through trainings of the Visitor's Center staff, provision of best practices from other countries.

3. Strategy

The overall aim of the project is to contribute to poverty reduction by promoting sustainable development in the Autonomous Region of Adjara. For this purpose a combination of economic development tools are employed, which contribute to the development of the region and enhance the region's ability to become both better governed and more economically diversified, in this way counteracting poverty in the region. It is proposed to extend this project for 30 months and build on the achievements and results of the first phase and address new development challenges in the region of Adjara. The need for further development and continuous attention to the region of Adjara remains. In general there is a need to diversify the economy and develop the strategic planning capacities of the government in different areas. Taking into account the above described development challenges of the region, the project will focus on the implementation of the following four activities.

Activity 1: Batumi Business Incubator capacity development and further development

The problem that needs continuing attention are the hindrances small and micro enterprises face in their initial stages of development, for example the lack of access to credits and loans. These entrepreneurs face hindrances obtaining finance, due to the high risk involved in lending to start-ups banks and other (micro) finance institutions usually refrain from providing finance. Moreover, due to lack of experience and the proper management skills, long term planning and expansion strategy and absence of an existing network of customers and suppliers, many start ups are unable to successfully expand their activities. In many cases the proper Business Advisory services are not readily available in Adjara as experiences with existing BSOs (for example business associations, chambers of commerce, consulting agencies, information centers) are mixed and often prove ineffective. The effects of the August war and the Global Economic Crisis have a particular negative impact on start ups and small companies.

The primary groups affected are the newly established businesses and their employees. Any intervention directed at increased employment and development of new companies will greatly benefit this group and their households. Increased employment levels and development of new companies in different sectors will enable diversification of supply of new product and services, and through increased competition, overall prices will decrease. This will benefit all consumers in Adjara.

This activity aims to support the development of start ups by providing support services, advice and a workspace conducive for start up companies to grow. By reducing some of the risks for financial institutions associated with management, planning, marketing and accounting skills, access to finance for start up businesses will be improved. Through provision of business advisory services by incubator staff and consultants these business skills will be developed. The activity will further develop the business incubator and strengthen the capacities of incubator staff by means of additional training. Continuing measurement of performance of the incubator by set performance criteria, primarily growth of incubated companies and new jobs created, will be implemented to ensure effectiveness of incubator management. In order to utilize the full capacity of the incubator, business support services will be provided to third companies based on competitive costs. The Government of Adjara has agreed to support part of the incubator running costs from the budget. This support is vital for the sustainability of the incubator – very few incubators in other countries operate without government support – and will ensure continuous operation beyond UNDP support. Besides strengthening the existing incubator the activity will increase the number of incubated start ups and expand the coverage to other sectors, such as production and processing.

The project will perform a secretarial function to the Incubator Board/Steering Committee and provide the board with orderly information on the performance of incubated companies. This will allow the board to perform its oversight function most effectively and assess the performance of the business incubator and staff. The assessment is carried out based on set performance criteria. The board can decide on additional trainings for staff, adaptation of the kind of services provided by the incubator, structural and organisational decision, etc. The project, in cooperation with the Business Incubator Management, provides all necessary inputs to the board in order to promote a sound decision making process. Two board meetings are envisaged per year.

First of all the incubator staff will receive training by their peers from other incubators which are in a later stage of development. In this way any lessons learned and latest insights in other incubators will be incorporated into Batumi incubator practise. These will be on-the-job trainings and will take place twice a year. Then particular training needs will be addressed through individual trainings on specific Business

Advisory services, where an incubator staff member needs improvement of knowledge and skills. These trainings can target both BI staff and incubated companies. As part of supporting the establishment and strengthening of the Business Incubator in its early stages for development, the project will pay the BI managers' salary for 18 months.

In the government of Adjara the main counterpart for matters related to the development the business environment is the Ministry of Finance and Economy. The project will try to agree with the Ministry on the allocation of a suitable building for the expansion of the incubator. This building will need to meet the minimum requirements with regard to its intended usage, location, accessibility and condition. The ownership structure has to be established and the right of long term exploitation of the building for Incubator purposes has to be set at 10 years. A civil engineer will be recruited to develop a cost estimation of the refurbishment of the building and estimated timeframe for refurbishment works. The project, with the support of the engineer, will develop all tender documentation to prepare for a competitive process of selecting the company that will carry out the works. The tender will be announced for two weeks and during this time a bidding conference for all interested companies will be organized to explain the terms of the tender. Based on a minimum of three competitive offers one company will be selected to perform the works. The engineer and the project staff will monitor the progress to ensure timely implementation of the works. Then, the incubator tenants will be selected based on a set of entry criteria. The purpose of the newly established incubator will be announced through local media. During the selection process start up businesses will be made aware of their right and obligations when entering the business incubator.

Activity 2: Vocational Education and Training

One of the main problems of Adjarian economy is that the current labour force does not possess the required and up to date knowledge and skills that are required by the labour market. The labour market is in growing demand for certain vocations, especially in the tourism, processing, construction, and production sectors. There is a lack of professionals with the right skills and latest, up to date knowledge of their respective fields of employment. In high technological professions, such as information technology, for which demand is growing across all sectors, no capacity for VET currently exists. With the appearance of web based services and automated systems in the tourism, banking and trade sectors, the need for professionals with the right education is highly demanded.¹

The demand for Vocational Education and Training is high. In the VET center UNDP has supported in Batumi there are more applications for VET than places available. Limited government funding for expansion of VET capacity is available. There are also a limited number of qualified trainers in the region; they will need retraining in the latest developments in their respective fields. Due to high unemployment and need for retraining in demanded professions more people are demanding the opportunity for retraining courses and VET.²

The primary beneficiaries of any intervention in the area of VET are the unemployed (and their wider families) of the region (approx. 25-30%) and employed with the need for retraining or additional skills to

1 For example in the tourism sector, e-booking, web based booking services and web site development is required. In the banking sector there is a high demand for qualified IT specialist to support services like internet banking, human resource management tools, etc. Trade companies need to automate their business practises in order to increase their competitiveness and ability to do business abroad (e-business) and manage their inventories.

² Number of students in VET Center (United report)

improve their performance or specialize in their current profession or gain skills to move to another profession.

This activity aims to support two Vocational Education and Training Centers in the region and in doing so address the unmet demand for VET services in the region for a range of demanded profession, especially in tourism and high technological professions. The project will increase knowledge and skills in certain vocations and support establishment of a new VET center particularly devoted to Information Technology (IT) to increase highly demanded skills in this area. This activity will receive all needed support from the VET project UNDP is implementing in other parts of Georgia. The direct beneficiaries are the employees and unemployed that participate in the VET programs and the employers that hire them. This will especially help the vulnerable and poor because they will be given access to training and education previously inaccessible due to the high costs related. Indirectly the general population will benefit from a more diversified and high skilled labour force which will stimulate economic growth and the business climate of the region as a whole.

In the existing VET Center in Batumi (i.e. Batumi VET center #1) the project will support the provision of training courses in tourism and construction professions. For this purpose teachers and instructors will receive be retrained in provision of courses in these areas. They will deliver relevant study courses in the listed professions to the students of VET center over a period of 8 months. Approximately 170 students will be trained in 9 professions during this period. The project will give a boost to the quality of services in the tourism sector in Adjara by providing this sector with the appropriately trained staff.

The project will support the conducting of an IT market survey in the Adjara region to identify the scope of demand for Information Technology and specialists in this field. The market survey will provide a basis for the design of the study courses as well as organizational and technical requirements for further establishment of the IT Center. Preliminary assessments point out a significant need for trained IT professionals across all sectors of the economy.

The project will ensure that Batumi IT VET Center (VET Center #2) meets the rehabilitation requirements for the building in order to equip it with modern technologies and prepare for establishment of an Information Technology Center. The Ministry of Finance has agree to contribute half of the total costs related to the rehabilitation of the school. Based on IT employment market survey teachers will be recruited and trained for provision of the VET courses. Teaching materials will be designed to meet the needs of IT market demands. The project will support delivery of general IT study courses for the basic students of VET center and short courses to the advanced students. The advanced courses will promote further improvement of knowledge and skills of more advanced IT practitioners. The establishment and launch of IT trainings is planned to take place over a 2 year period. The VET Center is expected to train 240 students in basic IT professions and 90 students in advanced professions.

Activity 3: Development of Agriculture in the region

The Adjara region has large potential for increasing agricultural output. However, several impediments exist that make development in this area difficult. There is a general lack of credible statistical information on agricultural production. Outdated methods of agricultural production, absence of modern technologies and equipment, absence of high yields seeds and seedlings and lack of knowledge of new varieties and new crops limit the growth of agricultural production. Due to the fragmented ownership structure of agricultural lands and the number of different climatic zones that require specific

targeting, the possibilities for large scale production in the region are limited. Farmers face, even more than other small entrepreneurs, problems in accessing financial services (loans) because of the perceived high risk of this group by financial institutions. In addition farmers have limited access to extension services due to limited supply of these services in the region. The government, to some result, has tried to fill this gap by providing information on improved farming practises to farmers through information meetings. Currently there is no strategy for development of agriculture in the region. The beneficiaries of any intervention in the area of agriculture would be farmers, including the vulnerable population who rely on subsistence farming for their survival. The indirect beneficiaries are companies, in the production, processing and distribution sectors.

Under this activity the project will aim to stimulate agricultural diversification and utilize the regions potential for growing crops in its diverse climate. It will further develop and finalize an assessment on the state of agriculture in Adjara, including its specific climatic and soil conditions and advice on higher value and profitable directions for introducing new crops. This assessment, when finalized, will be the basis for further project interventions in the area of agriculture. The direct beneficiaries of the interventions under this activity are farmers and their households as well as the general population who benefits from a diverse and competitively priced supply of agricultural products.

The study will have a strong agronomic focus and examines the feasibility of crops and livestock in the pronouncedly different topographical and climatic zones of Adjara. Identifying what-can-grow-where in Adjara has not been attempted before. It draws together various published sources and other materials. The study will include an economic analysis, including a gross margin analysis that provides a sound economic justification for the comparative advantage of growing certain crops and the potential introduction of new (varieties). It will explore new areas for agricultural development and future activities of the project.

One of the areas the project will potentially explore based on the study is the provision of inputs that have proven to be economically viable and well suitable for the climate conditions of the regions. Farmers will be provided with these inputs which they can use and test on their respective lands. Linked to the input supply the farmers will be supported through extension services. These extension services will be linked to either an existing VET Center or the ministry or related agency. A more detailed description of this will be given based on the recommendations of the study.

Activity 4: Tourism development

One of the main sectors of the Adjarian economy is tourism and the government has given the development of this sector high priority. Tourism in Adjara is mainly concentrated in July and August each year and visitors are predominantly from countries in the region. In the context of changing travel patterns and visitor expectations, Adjara and Georgia in general, has undoubted strengths in the heritage and culture area and natural parks and protected areas which should be interpreted and presented better. To attract more tourists from other areas of the world³ it is vitally important to get the basics of cleanliness, transport, language, toilet facilities, signage etc right. Currently they are not at an appropriate standard.

³ Instead of the tourists who are currently visiting Adjara from the region, Armenia, Azerbaijan and Ukraine

There is a need for preparation of Strategy and programmes around the role of tourism in developing the Adjara economy. Such a strategy need not be a complex document and should be supported by similar exercises in setting out the immediate and medium term actions around the marketing of Adjara and what products need to be developed. Clear link established between regional and national level strategies.

There is also a need for more customer orientated service for visitors of the region. The government has initiated the introduction of Visitor Centers across the region, with the primary function of provision of information to tourists. In other countries the services typically provided by Visitors Centers include more diverse and for example related to marketing and promotion, product development, development of access, grading of accommodations, commercial activities and contacts with other tourism stakeholders. The Visitors Centers in Adjara are also in need of standardised procedures that guarantee quality of service provided.

The beneficiaries of any intervention are the companies engaged in tourism and related businesses (hotels, guesthouses, restaurants, shops, supermarkets). Increased tourism will have a positive impact on a range of related industries such as trade, production and services and will therefore have a positive effect on the economy as a whole.

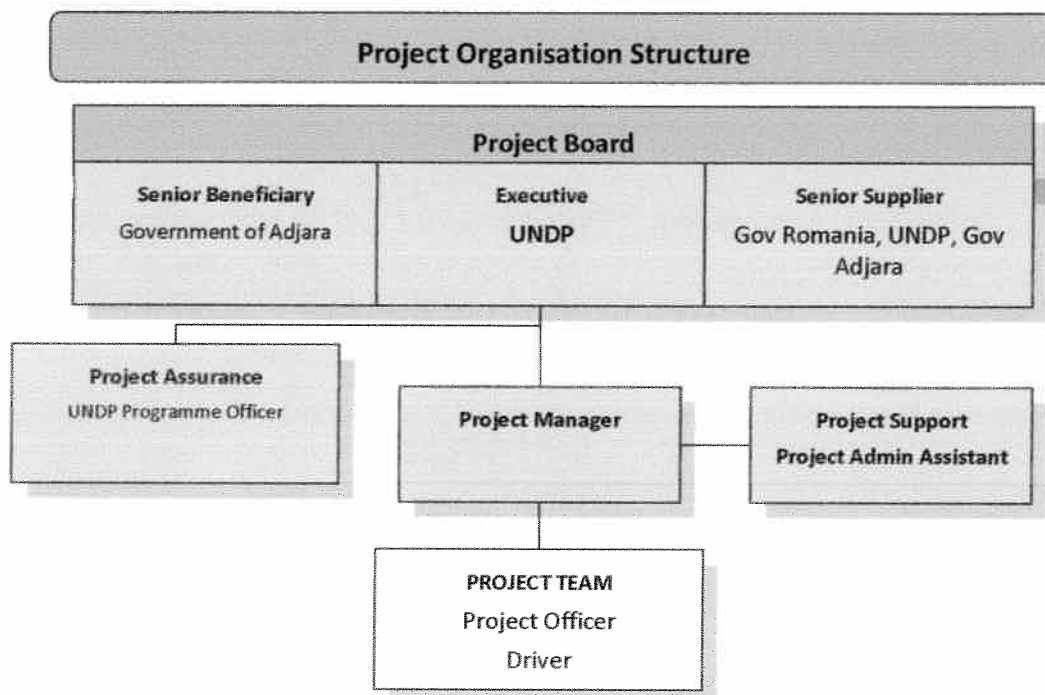
This activity aims to contribute the improvement of the region of Adjara as a tourism destination. The project will strengthen strategic planning capacities and support the development of a strategic plan for tourism development of the region. Hindrances that currently exist with regard to accessibility, quality standards, tourism infrastructure, branding and so forth will be drawn up and prioritised by all relevant stakeholders (both public and private sector). The prioritisation of problems will be linked with potential solutions and will culminate in a strategy that will guide tourism development for the subsequent 5 years in the region of Adjara. Together with the development of the strategy, the capacities of the tourism department and staff of the Visitors Center will be strengthened with a focus on customer orientation. Both of these interventions will benefit those directly associated with tourism in the region and will also improve the lives of those with new found jobs related to tourism (construction, hotel and catering industry, etc.) as well as the general population which will benefit indirectly from increased tourism spending. When Adjara will be better able to exploit its natural resources and cultural heritage this will increase the economic growth of the region as a whole.

The process of developing a strategy and action plan will take place in different stages. First the methodology for strategy development will be developed and elaborated. Then, a stakeholder analysis will be carried out to identify the main stakeholders. Then at least three thematic working groups will be established and the discussions in each group will be guided by an independent mediator. The different groups will be comprised of the relevant stakeholders engage in a participatory process to identify the problems and come up with solutions. The working groups will come up with their recommendations and present them to a Joint Committee, consisting of high level representatives of the stakeholders in tourism. The project will provide the consultant/mediators, with experience in the participatory approach, to combine all recommendations and support the Joint Committee in presenting a comprehensive strategy and action plan.

The project will conduct a capacity assessment of the Tourism department and Visitor Center to identify training needs. Furthermore the functions of the Visitors Center will be assessed and recommendations given for expanding the functions to include commercial activities (such as the sale of quality crafts and giftware) and an increase the focus on visitors' feedback with the purpose of improving customer

service and visitors experience. Based on the capacity assessment and recommendations a training programme, including handbook, will be developed to support VC staff in their day-to-day operations. A training programme will be conducted covering at least improved service provision, information provision and receiving/incorporating feedback, product development and marketing. Special attention will be given during the trainings to the establishment of networks of stakeholders in tourism, both from the public and private sector. Joint training sessions will be held including key representatives of the hotel and catering industry, focussed on creating awareness of each other's problems and identifying areas of common interest. This will stimulate the cooperation between (private) tourism service providers and Visitor's Centers, all aimed at improved service and hospitality towards visitors.

4. Management arrangements



5. Results and Resources Framework

Attached

6. Budget

The budget is attached. The budget includes unfunded cost-sharing contribution to be mobilized from the Romanian Government.

7. 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 (see annex 1), 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

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.

Results and Resources Framework – Economic Development in the Autonomous Republic of Adjara – PHASE II

Intended Outcome as stated in the Country Programme Results and Resource Framework:			
# 1 - Equitable economic growth promoted through close cooperation with private sector entities within the overall framework of corporate social responsibility			
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:			
Indicator: Local urban and rural poverty reduction initiatives; Level of regional disparities; Unemployment rate; Level of FDI's; Increase in trade and transit flow			
Baseline: Growing socio-economic disparities and marginalization of regions. Unemployment 13,8%. SME not absorbing the unemployed. Local economic development depends on budget transfers; Private sector not participating in solving socio-economic problems			
Target: Sustain economic growth, create jobs and improve investment climate; reduce disparities among regions.			
Applicable Key Result Area (from 2008-11 Strategic Plan): Private sector development			
Partnership Strategy Direct Implementation (DIM)			
Project title and ID (ATLAS Award ID): Economic Development in the Autonomous Republic of Adjara, Award: 00049355, Output: 00070829			
INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES
<p>Output:</p> <p>Enhanced capacities and opportunities to diversify economy of Adjara through a combination of planning and economic development tools, thus counteracting poverty in the region</p> <p>Baselines:</p> <ol style="list-style-type: none"> Limited opportunities for small businesses to develop Limited opportunities for vocational training and retraining compliant with labour market requirements Large untapped agriculture potential of the region Limited capacity and lack of strategic vision for Tourism development in the region <p>Indicators:</p> <ol style="list-style-type: none"> Growth of targeted businesses <ol style="list-style-type: none"> # of trainers trained in teaching methodologies for most demanded vocational professions # of people retrained in vocational professions through UNDP support. # of retraining courses delivered Degree of diversification and economic competitiveness of the Adjara agriculture sector Capacity of local stakeholders increased in Tourism strategy development Increased capacity of regional administration to provide quality service to tourists that visit the region 	<p>Targets 2009:</p> <ol style="list-style-type: none"> 1.1 BI performance criteria met 1.2 Improved service provision capacity of BI staff <ol style="list-style-type: none"> X trainers recruited and trained to provide vocational retraining courses X people trained in tourism and construction professions X retraining courses delivered <ol style="list-style-type: none"> Action plan for diversification developed based on the assessment of the agricultural potential of the region Methodology for developing Tourism Strategy elaborated Capacity assessment of the Visitor centres and tourism department conducted <p>Targets 2010:</p> <ol style="list-style-type: none"> 1.1 BI performance criteria met 1.2 Improved service provision capacity of BI staff 1.3 BI premises identified and refurbished 1.4 Recruitment of additional staff for BI 1.5 BI tenants selected X people trained in tourism and 	<p>Key Activities:</p> <p>Activity 1: Batumi Business Incubator capacity development and expansion</p> <ul style="list-style-type: none"> Monitor already established incubated businesses and provide additional individual consultations and support to these initiatives; Training and capacity development of BI staff to ensure that their service is effective and full ranges of procedures are in place; Provision of Business Support Services to third companies; Agreement by Adjarian Authorities to provide suitable premises for expansion of BI; Refurbishment works for incubator; Additional BI staff recruited; Selection of BI tenants. <p>Activity 2: Vocational Education and Training</p> <ul style="list-style-type: none"> Recruitment of teachers/instructors for training in tourism, restaurant and hotel professions for Batumi VET Centre 1 Training of people in tourism, restaurant, hotel and construction professions in Batumi VET Centre 1 Labour market survey to assess the labour market needs in IT conducted Establishment of an Information Technology Center (ITC) (equipment, assistance in preparation of legal documents etc.) within Batumi VET Centre 2; Purchase of equipment for ITC Development of a Vocational Education and Training program specifically for IT Teachers recruited and trained and ready for provision of VET 	<p>UNDP Project team</p> <p>Main partners:</p> <ul style="list-style-type: none"> Adjara AR Ministry of Economy and Finance Batumi Municipality Adjara AR Ministry of Agriculture Adjara AR Ministry of Education Batumi VET Centres Department of Tourism Other donor-supported projects active in the Autonomous Republic of Adjara

	<p>2.2 X retraining courses delivered</p> <p>2.3 ITC equipped</p> <p>2.4 Establishment of an Information Technology Center</p> <p>2.5 Capacities, methodology and teaching materials developed</p> <p>2.6 X trainers recruited and retrained</p> <p>2.7 X people received Vocational Training Courses in IT</p> <p>3. Testing of new crops and varieties and provision of extension services</p> <p>4.1.1 Selection of stakeholders for Working Groups and Joint Committee</p> <p>4.1.2 Round tables organised and strategy development process conducted in a participatory manner</p> <p>4.2 X staff of the Visitor centres and tourism department trained</p> <p>Targets 2011:</p> <p>1.1 BI performance criteria met</p> <p>1.2 Improved service provision capacity of BI staff</p> <p>2. X people received Vocational Training Courses in IT</p> <p>3. Testing of new crops and varieties and provision of extension services</p> <p>4. X staff of the Visitor centres and tourism department trained</p>	<ul style="list-style-type: none"> • Preparation of the methodology and teaching materials • Provision of retraining and vocational education courses (IT) in ITC • Provision of the short-term courses (informal education) in ITC <p>Activity 3: Development of Agriculture in the region</p> <ul style="list-style-type: none"> • Finalize the assessment of the Adjara agricultural potential; • Provision of agricultural inputs for new crops or anew variety of crops to farmers based on the study • Introduction of extension services for farmers <p>Activity 4: Tourism development</p> <ul style="list-style-type: none"> • Support the development of a Strategy and action plan around the role of Tourism in developing the Adjara economy; • Development of a Manual/handbook for the Visitor Centre' staff with documented processes and procedures to ensure consistency of delivery of service • Training of Visitor Centres' staff conducted • Develop and foster partnerships with stakeholders in Tourism (private sector) <p>Activity 5: Project Monitoring and Management Support</p> <ul style="list-style-type: none"> • Implement project activities • Mobilise external expertise as required • Monitor project implementation 	
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BUDGET
Adjara Economic Development - PHASE 2

Key Activities	Account	Unit rate	2009		2010		2011		Total
			units	sub-total	Units	sub-total	Units	sub-total	
Activity 1: BBI capacity development and further development									
contractual Services - Individ (BI manager)	72100	1000	6 month	6,000.00	12 month	12,000.00	12 month	0.00	18,000.00
international consultant	71200			7,000.00		7,000.00		7,000.00	21,000.00
Local consultant	71300	100	40 day	4,000.00	80 day	8,000.00	10 day	1,000.00	13,000.00
Contractual Services - Individ (engineer)	71400		month	0.00	3 month	5,000.00		0.00	5,000.00
refurbishment cost	72100			0.00		120,000.00		0.00	120,000.00
Sub-total									177,000.00
Activity 2: Vocational Education and Training									
VET Center #1									
Recruitment of teachers/instructors for training in tourism, restaurant and hotel professions	72100			6,500.00		0.00		0.00	6,500.00
Training of adults in tourism, restaurant and hotel professions (teachers salary)	72100			0.00		6,600.00		0.00	6,600.00
procurement of equipment and teaching tools	72100			12,000.00		3,900.00		0.00	15,900.00
Training of adults in construction professions (teachers salary)	72100			2,000.00		0.00		0.00	2,000.00
Management	72100			3,000.00		3,000.00			6,000.00
procurement of teaching and construction materials	72100			3,500.00		0.00		0.00	3,500.00
VET Center #2									
Labor market research and Program Elaboration	72100			5,500.00		0.00		0.00	5,500.00
procurement of equipments	72100			50,300.00		3,200.00		0.00	53,500.00
establishment of Cisco Local academy	72100			1,500.00		0.00		0.00	1,500.00
Teachers/Trainers training	72100			3,750.00		0.00		0.00	3,750.00
Implementation of Vocational training	72100			2,750.00		29,000.00		13,750.00	45,500.00
Implementation of the short-term course	72100			2,700.00		11,500.00		5,550.00	19,750.00
Management	72100			3,000.00		9,000.00		4,500.00	16,500.00
Sub-total				96,500.00		66,200.00		23,800.00	186,500.00
Activity 3: Agricultural diversification of the region									
Agricultural input supplies						13,000.00		13,000.00	26,000.00
extension services									
Information Consulting Service of farmers (contracted work)						32,000.00		32,000.00	64,000.00
Specialist trainers -7 (individual contracts)						9,000.00		9,000.00	18,000.00
Demonstration materials						10,000.00		10,000.00	20,000.00
Special equipment						10,000.00			10,000.00
Holding exhibitions						4,000.00		4,000.00	8,000.00
Sub-total									146,000.00
Activity 4: Tourism development									
Strategy development				7,200.00		10,000.00		0.00	17,200.00
Capacity development				0.00		25,000.00		20,000.00	45,000.00
Development of a Manual/handbook for the Visitor Centre				0.00		5,000.00		0.00	5,000.00
Sub-total									67,200.00
Activity 5: Project Monitoring and Management support									
Project Manager	71400	2776	6 month	16,656.00	12 month	33,312.00	12 month	33,312.00	83,280.00
Administrative/Finance Assistant	71400	1144	6 month	6,864.00	12 month	13,728.00	12 month	13,728.00	34,320.00
Project Officer	71400	1876	6 month	11,256.00	12 month	22,512.00	12 month	22,512.00	56,280.00
Driver	71400	517	6 month	3,102.00	12 month	6,204.00	12 month	6,204.00	15,510.00
Office Supplies	72500	100	6 month	600.00	12 month	1,200.00	12 month	1,200.00	3,000.00
Local Travel	71600			2,000.00		4,000.00		4,000.00	10,000.00
Car maintenance/fuel	73400	200	6 month	1,200.00	12 month	2,400.00	12 month	2,400.00	6,000.00
Utilities	73100	150	6 month	900.00	12 month	1,800.00	12 month	1,800.00	4,500.00
Telephone/internet/mobile	72400	250	6 month	1,500.00	12 month	3,000.00	12 month	3,000.00	7,500.00
Publicity, Information, Visibility	74200			1,000.00		2,500.00		2,500.00	6,000.00
furniture and computer equipment	72800			3,000.00					3,000.00
Vehicle/insurance				20,000.00					20,000.00
Sub-total									249,390.00
NET TOTAL				285,278.00		493,056.00		234,256.00	826,090.00
GMS Ajara Govt/Romanian Govt (7%)									47,125.05
GRAND TOTAL:									873,215.05

Breakdown of Budget by Sources of Financing:

Ajara Government Net	186,000.00
Ajara Government/GMS (7%)	14,000.00
Ajara Government/Total	200,000.00
Romania Government Net	440,090.00
Romania Government/GMS (7%)	33,125.05
Romania Government/Total	473,215.05
UNDP TRAC	200,000.00
TOTAL NET	826,090.00
TOTAL GMS (7%)	47,125.05
TOTAL GROSS	873,215.05