

JOINT PROGRAMME DOCUMENT

**United Nations Development Programme (UNDP)
United Nations High Commissioner for Refugees (UNHCR)
Country: Georgia**

Programme Title: Support to Vulnerable Communities' Livelihood Development in Shida Kartli Region

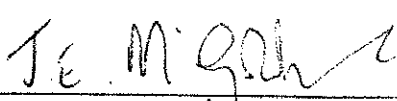
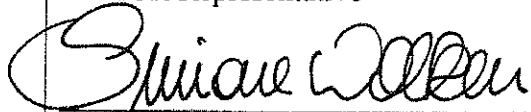
Joint Programme Outcome (UNDAF): Reduced number of households living in poverty through the realization of the economic potential and provision of social welfare

Programme Duration: 24 months
Anticipated start/end dates: 1-Nov - 2011 to 31-Oct - 2013
Fund Management Option: Pooled
Managing or Administrative Agent: UNDP
Award: 00062339
Output: 00079797

Total estimated budget:	300,000 USD
Out of which:	
1. Funded Budget:	80,000 USD
2. Unfunded budget:	220,000 USD

Sources of funded budget:	
• UNHCR	
• UNDP	80,000 USD

Names and signatures of participating UN organizations:

Jamie McGoldrick UNDP Resident Representative 	Simone Wolken UNHCR Representative 
Date & Seal 23/10/2011	Date & Seal 23/10/2011



1. Executive Summary

In line with the signed MoU and the UN Joint Programme Guidelines, with the overall goal to increase resources and achieve a more sustainable development impact through collective efforts, UNDP and UNHCR have developed the current joint programme.

The present UNDP/UNHCR programme is designed to:

- i. assist transitional strategy from direct individual humanitarian assistance to sustainable human development for all communities, including IDPs in Shida Kartli and
- ii. strengthen the national system of protection of IDPs and enhancement of local development in a broader context of democratic governance, addressing poverty and promoting sustainable human development in Shida Kartli, Georgia.

Implementation of the joint programme is planned to maximize the effectiveness of UNDP and UNHCR work in Georgia, bringing greater resources to together, reducing transaction costs and strengthening overall cooperation of UN agencies with the Government of Georgia.

This pilot initiative is also in line with the Transitional Solution Initiative or Nordic Plus Initiative¹ underlining that notwithstanding the political and security dimensions, the perception that displacement challenges can only be addressed by humanitarian means is ill-conceived and impeded or delayed in achieving the sustainability of solutions or resulted in protracted displacements finding difficulties to break from the cycle of dependence on humanitarian assistance and to move on with their lives and livelihoods. There is greater recognition now that displacement has humanitarian as well as development challenges, and in order to find durable solutions, situation specific comprehensive approaches, similar to some good past practices, would be required with the engagement of government, humanitarian and development actors with additional bilateral and multilateral assistance.

Addressing displacement including refugee issues has also an important bearing on meeting the MDGs. Protecting and addressing the needs of the vulnerable is emphasized in the Millennium Declaration which was endorsed by 191 UN member states. The Declaration highlights a goal specifically aimed at strengthening "international cooperation, including burden-sharing in and the coordination of humanitarian assistance to countries hosting refugees, and to help all refugees and displaced persons to return voluntarily to their homes in safety and dignity and to be smoothly reintegrated into their societies."

Moreover, the joint programme is in line with the current UNDAF 2011-2015 for Georgia (http://www.undp.org.ge/files/4_93_811877_UNDAF2011-15-eng.pdf), which identified two pillar thematic areas that support those Millennium Development Goals which have been recognized by the Government of Georgia as national priorities, namely:

- **Poverty Reduction:** advancing inclusive development, employment creation and access to health, education and essential social services, especially for vulnerable groups.
- **Democratic Development:** promoting balanced, independent, fair and participatory governance systems and processes at all levels based on the Rule of Law, human rights and equality principles.

¹ The inadequate response to the needs of IDPs and refugees, particularly to developmental needs continues to be a major challenge to durable solutions for displaced persons. The Nordic plus Initiative signifies collaboration between humanitarian and development, bilateral and multilateral actors, aiming to work together with national governments in finding solutions and sustainability of interventions, for displaced persons and local community members, well into recovery and development programming. The Nordic plus Initiative will strive to ensure the more long term engagement of development actors by working earlier to plan and strategize with key humanitarian partners and to see that displacement issues form part of the development agendas of national governments. In essence: helping governments prioritizing displacement on their development agenda through additional bilateral and multilateral assistance.



2. Situation Analysis

Description of the area: Shida Kartli is one of the regions of Georgia and consists of the districts Gori, Kvaereli, Kaspi, Java and Khashuri. Gori is the main city of the area. Of the total area of 6,200 sq. km, only some 4,807 sq.km is controlled by the Georgian government, with the remaining part being inaccessible as a result of the 2008 conflict. The population of the area under government control is some 314,000, with a density of 65 people per sq.km. There are currently 15,798 IDPs residing in Shida Kartli displaced as a consequence of post independence and 2008 conflict. In addition there are about 30,000 people in IDP like situation in 38 conflict affected villages along the Administrative Boundary Line (ABL) who have returned to their homes following the ceasefire and withdrawal of Russian and South Ossetian militia from the region in 2008.

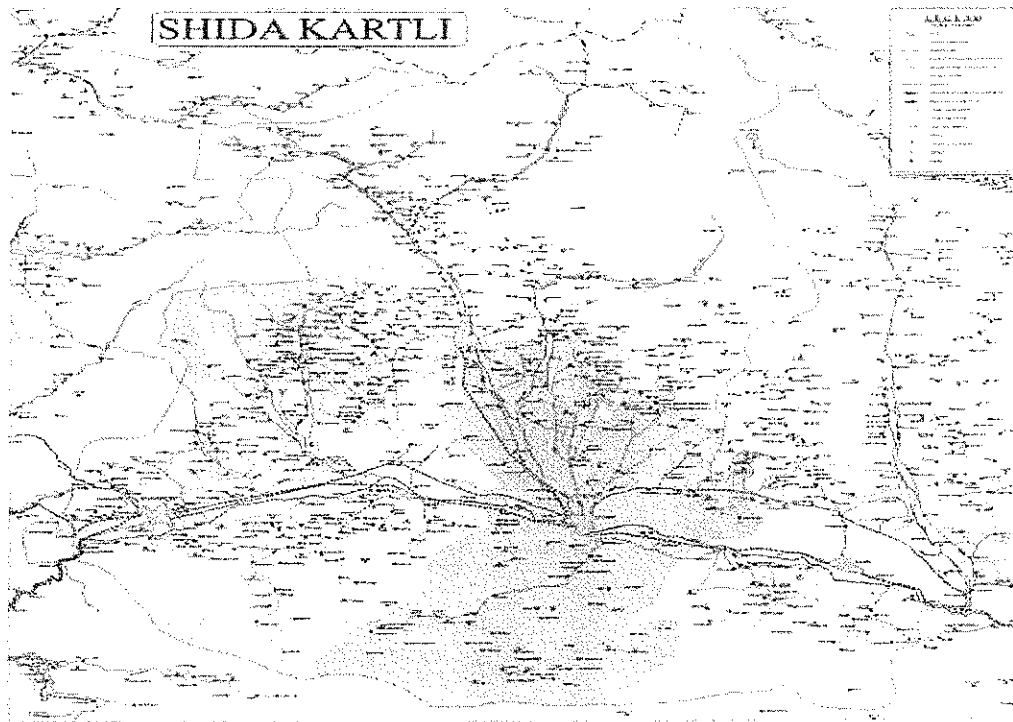
New IDPs				
23 new settlements	Families	2065	Individuals	6197
Old IDPs				
49 compact settlements	Families	821	Individuals	2669
Old/New IDPs				
Private Accommodation	Families		Individuals	6932
IDP status seekers				
19 Collective Centres	Families	193	Individuals	472
People in IDP like situation ¹				
38 villages of return (IVABL)	Families	10766	Individuals	30320

Due to its proximity to the Administrative Boundary Line (ABL) with South Ossetia, the 2008 conflict led to widespread destruction of property and displacement of a large number of people. This obviously had acute effects on the displaced, but also on the resident population as a consequence of disequilibrium in labour markets and the ending of trade opportunities in newly inaccessible areas. The lost access to irrigation channels for the fields on the government controlled side and lack of firewood, which was previously collected in South-Ossetia resulted in further impoverishment of the population. While the new IDPs have suffered the worst effects of the conflict, this is also the case for the resident population which has been adversely affected. In consequence, the economic futures of the IDPs and the resident population are now intertwined, with both depending on an upturn in the local and national economy as a way of raising living standards. As a result, interventions in local economic growth are likely to have beneficial effects on all groups.

IDPs from the 2008 conflict have mostly been settled in purpose-built 'villages' constructed immediately after the conflict. Houses in these villages have small backyard gardens which are suitable for limited agricultural and horticultural production, mainly for household consumption. A few of the IDPs from the 2008 conflict settled in houses in existing villages, as did some of those from the earlier conflict. IDPs from the 2008 conflict were also promised additional land for farming. But where this was provided it was often low quality, stony land without irrigation or levelling and, in consequence, of limited agricultural value except for rough grazing.

¹ According to national law, this category of people has IDP status and is included as such in Government statistics. UNHCR, following international practice and frameworks for assistance, categorizes these persons of concern to its Office as people in IDP-like situations, i.e. people who are on the verge of realizing a durable solution but who continue to need, for a period of time, humanitarian support. UNHCR's categorization in no way impacts on their right to return.

Map of Shida Kartli



General Socio-Economic Situation. Currently the economy of Shida Kartli can be characterized by:

- Prevailing importance of agriculture in the local economy, with smallholder production dominant and a significant part of the production used for household consumption;
- Little or no increase in plot size as a result of the farmland market, though some increase in effective farm size as a result of land rentals (probably by domestic and international migrants);
- Farmland allocated to IDPs has low potential and much of this land remains unprocessed and non-irrigated;
- Limited potential for enterprise development outside Gori;
- Potential for some enterprise development and grow-up in Gori, though it remains a depressed economy;
- Significant outmigration to jobs in domestic and international labour markets, as the young and better skilled workers prefer to leave the area.

Agriculture in Shida Kartli as a whole is dominated by fruit and vegetables, partly as a result of high fertility, with particularly good conditions for fruit production. But, as elsewhere in Georgia, small plot size constrains production response and output volumes, partly because of risk aversion and involuntary organic production due to the high cost and unaffordability of inputs. Cropping patterns, particularly that in IDPs' backyard plots, confirm this with very small areas of a variety of crops produced, thereby limiting risk and helping ensure household food security, perhaps also with some limited cash income. In this context, and in the absence of the land market increasing farm size through land sales, opportunities for agricultural commercialization remain limited. Nonetheless, even quite small production increases beyond household consumption needs translate into significant increases in family income and welfare.

Shida Kartli has an area of approximately 45.000 ha covered with fruit orchards, mainly apples. However agricultural production is impeded by the lack of irrigation water. Water for irrigation systems is supplied from Ossetian-controlled territory and the supply is extremely unstable, which has a major impact on the local farming. By now, the trees are too old and need to be replaced and the

species produced only sell in the local markets. There is an apparent lack of storage capacity for fruit and vegetables, which are mostly sold during peak season for a low price.

In 2009 UNHCR built a cool storage facility in Kheltubani village, which provides 250 metric tonnes storage space along with a social component which includes a training centre equipped with over 20 computers and access to internet. There is also an international company which has opened a fruit juice plant in Agara, 15 kilometres west of Gori and taken up production in the last years. The juice company is planning to start planting new apple orchards in order to support its production.

During 2009-2010 UNDP implemented EU funded programmes as a response to supporting small scale farmers through facilitating access to micro-finance, business development services, vocational retraining to employed and self-employed in agriculture sector and developed a dairy processing plant which in Gori.

Extension Services: There are few agricultural services in Shida Kartli for farmers, namely in Gori town and Shindisi village, and USAID supported farmers' service centre in the aftermath the conflict. Extension is limited and there is currently no publicly-funded provision. Available services provided are under individual donor-funded projects or through non-governmental organizations (NGOs). This lack of provision impacts on both IDPs and on the resident population since advice on production techniques and on farm business management is thereby largely absent, with obvious constraints on farmers' ability to innovate and diversify.

The extension service is currently provided mainly through an NGO and focuses on farmer training and demonstration plots. These are popular with local farmers who, in recognition of the benefits, have reportedly started to demand good quality extension in order to increase returns on existing crops and also to diversify. Demonstration plots have been established for a number of crops, including walnuts, apples, other tree crops and vegetables, and have mainly been introduced where clients of the extension support provided by the NGO concerned have shown strong aptitude for farming and a propensity to follow extension advice.

Marketing also remains a problem, as it does in many other parts of Georgia. Thus, in the absence of cold storage, harvest-time dumping forces down prices and sharply reduces gross margins. Wholesaling is constrained by small volumes, variable quality and by the distances to, and inaccessibility of, many of the IDP settlements and indeed to villages in general in the area.

Between 2009 and 2011 UNHCR through its implementing partners established 22 Farmer Associations in the villages along the Administrative Boundary Line, who are actively involved in agricultural production and to a certain extent already apply more advance technology and modern agricultural methods (e.g. new vegetable species, new planting methods, drip irrigation etc.). Their involvement in the extension centres and in demonstration services can attract more farmers to attend training and apply more advanced technology. The farmers themselves will work as facilitators within their own communities.

UNHCR also established a 3000 sq. m greenhouse which is operated by one community-based organisation in addition to the cold storage facility. Those existing units can be used for demonstration purposes within the joint programme.

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3. Strategies, lessons learned and the proposed joint programme

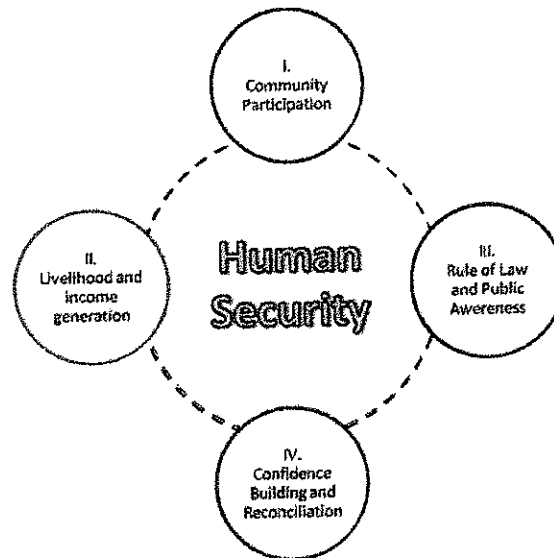
Strategic vision. The UNDP and UNHCR's vision of Shida Kartli Programme represents a multifaceted and comprehensive approach to supporting the most vulnerable IDP communities in Shida Kartli, and through its operational design to deliver long-term benefits to IDPs and host communities alike. UNHCR and UNDP will therefore jointly identify the most vulnerable areas and groups of population where different components of the project would have a more significant impact on the livelihoods of people, as well as socio-economic development of the region.

It is underpinned by an approach which seeks to build the individual and community capacities to better manage and even reverse insecurity and reduce the threats to livelihoods faced by populations affected by conflict and socio-economic shocks. It will take its cue from the UNDP Country Programme Action Plan (CPAP) emphasis on design development interventions which assertively build local capacities to stimulate the transition from humanitarian to development assistance through the rehabilitation of social infrastructure and support for income generation activities. The programme will address some of the social and economic concerns of the large IDP population, focusing on both recent IDP communities and the long-standing communities, whose unresolved situation stands as a reminder of the need to find durable solutions to some of Georgia's prolonged socio-economic challenges. The programme is also in line with the Government of Georgia's up-dated IDP Action plan of 2012- 2014, which states the socio-economic integration of IDPs as one of its major objectives. By presenting a coherent approach to support IDP and non-IDP communities the programme will simultaneously support socio-economic benefits and grass-roots social integration.

The driving principle of the programme will be the economic security of individuals and communities in Georgia, which is underlined by a collective responsibility to protect Georgian citizens from threats to economic capabilities, food insecurity, and a healthy life, the ability to live in a good environment, personal security, community security and political empowerment. Therefore the human security principle at the heart of this programme is a "transversal concept that affects every sector that can impact on people's welfare and that requires the adoption of cross-sector policies to respond to a range of human security vulnerabilities...", and which in parallel allows individuals and communities to mould security policies in accordance to their perceived or real threats. This principle is also reflected in the extended IDP Action Plan, which strives to improve livelihood and socio-economic integration of the displaced population.

The approach is based on four components which together will strengthen human capabilities to realize each of the commonly understood features of human security. With its regional geographical emphasis on Shida Kartli the Programme will concentrate on the part of the country with a high IDP population and will build local capacities for reversing the phenomenon of vulnerability among predominantly rural communities. In this respect each component will help to bolster employment and income generating opportunities, thus assisting with improvements in quality of life and through community mobilization support the social capital and social integration of IDPs.

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It is time now to address the social integration and long-term development priorities of IDPs in a coherent fashion. Therefore, this deliberately promotes an integrated approach, which is afforded by the scope of the human security concept and as such can build into the programme design the different priority components required to support the multi-faceted needs of IDPs. Both agencies will refer to the experience in the region in order to identify and focus on specific and most relevant needs. The programme's design is based on the premise that addressing the root causes of IDP vulnerability is not a single sector concern but demands an inter-disciplinary conceptual and operational design, while such efforts will be vain if they did not simultaneously seek to build the capacities of host-communities towards the overall goal of sustained social integration.

Thus the programme targets priority components for building local capacities to reverse development challenges shared by IDPs and local host communities. The design of the programme allows an implementation modality in which the programme modules are able to mutually support each other, both vertically within the respective component and horizontally between components. One objective of the programme will be to "connect the dots" of existing support to IDPs, where doing so makes sense within the scope and priority-setting agenda of the programme. Therefore certain modules of the programme will build on and expand existing UNDP, UNHCR and in some other activities, tailoring these to support the human security needs of IDPs. Thus the partnership strategy of the programme will foster durable working relationships between the responsible Programme Management Unit and the key local stakeholders, whose full ownership and support will be instrumental for successful implementation.

With the aim of avoiding tensions within the local community the project interventions will be directed at the entire population, not favouring one group over the other, to enhance integration of the refugee population, prevent social tensions due to perceived inequality, and to help elevate the area out of poverty.

For this reason, UNDP and UNHCR have conceptualized a comprehensive local development intervention, covering several areas identified as priority in a number of scoping missions deployed to the Shida Kartli Region to consult with a wide range of local stakeholders.

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4. Results Framework (Planned Activities)

The project idea corresponds to the 2011-2015 United Nations Development Assistance Framework (UNDAF)³ Outcome #1 – *Inclusive development and poverty alleviation promoted through international, national and local economic policies, including in the area of trade and investment*. It also targets the outcome #1.1 of the UNDP Country Programme Action Plan (CPAP) 2011-2015 addressing *equitable economic growth promoted through close cooperation with private sector entities within the overall framework of corporate social responsibility*.

It is also in line with the socio-economic measures stipulated in the State Strategy of the Georgian Government of IDPs. The main goal of the State Strategy is to promote IDPs' socio-economic integration and improve their living conditions. To reach this goal, the Action Plan strives to provide long term solutions to the accommodation needs of the IDPs, the reduction of their dependency on the State and the integration of the vulnerable IDPs into the state social assistance programmes based on clear and transparent criteria until their return becomes possible.

Reduction of IDPs' dependence on the State includes a number of measures that will result in the increase of employment rate among both male and female IDPs through a number of economic activities in both urban and rural settings. These measures will aim to achieve more sustainable livelihoods of IDPs.¹

The **objective** of the proposed programme is develop rural livelihoods of the vulnerable communities of IDPs and host communities through increasing the productivity of, and returns to, small-scale farming in Shida Kartli, thereby raising household income for farming families and increasing food security at the household level.

The project envisages establishing a value chain linking up the farmers associations as well as agricultural processing facilities and service providers among each other and strengthening their capacity through trainings, extension support and access to markets.

The **target groups** will be farmers in selected areas, host communities and and IDPs from the 2008 conflict or earlier conflicts.

Activities will be under three principle components:

1. Support farmers to increase yield and productivity through provision of quality advice;
2. Demonstration projects in food processing and preservation;
3. Improved access to agriculture market through harvest consolidation.

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¹ Action Plan for the Implementation of the State Strategy on IDPs during 2009-2012. Ref: http://mra.gov.ge/files/208_654_971399_IDP_AP_narrativeENG.pdf

1. Support farmers to increase yield and productivity through provision of quality advice

Actions on extension will focus on agriculture extension delivery, produce quality and grading, creation and use of demonstration plots, and improved linkages to research findings¹.

Agriculture extension service delivery. Extension delivery to date under services provided by locally based experienced NGOs (coordinated by Nergebi²) has been mainly through classroom-based group training methods. This is cost effective, with the cost per farmer kept low, and has been shown to be an effective method of extension in terms of transmission and adoption of extension recommendations. In addition, however, extension methods through farmer field schools based at demonstration plots will be piloted and, as appropriate, will involve practical demonstrations. In this way a mixture of classroom training and practical field demonstrations will be employed. Since 2009, UNHCR has invested in the capacity-building of local NGOs, who have developed considerable expertise and will be included as far as possible into the provision of extension service delivery.

Mobile extension will also be used, based on classroom training in locations closer to farmers. Given that many farmers cannot easily reach current classroom extension provision, the intention would be to deliver the classroom elements in locations closer to them. A specially adapted vehicle would be used to take extension materials and equipment to a variety of venues, with extension days announced in advance.

The mobile extension centre will also be one of the methods of 'recruiting' farmers to receive extension support. Recent assessments in Georgia based on the experience of the Kachreti Extension Centre (which has been supported by UNDP) show the greatest gains to extension are with new farmers, in terms of those who have not yet received extension support. This leads to sharp initial yield and production increases, with the scale of the increases then tending to tail off. As a result, increasing the benefits of extension will depend in part on increasing the numbers of farmers benefiting from extension and, in particular, bringing in new farmers as clients. The 25 farmer associations created in the course of 2 years in Shida Kartli, shall, wherever possible, be part of service delivery of extension services and form the link between the extension centre and their communities.

In addition, the feasibility of mobile-phone based extension support will be tested in Shida Kartli. These services, through SMS or voice-messages provide a variety of agriculture related information on crop-cultivation, fertilizer use, plant-diseases, pesticides, market-prices, weather and important government policy decisions. Widely used elsewhere, they offer low-cost yet generalized extension support and can reach the more remote farmers, who nonetheless do have mobile phones³.

Extension will also embrace farm business management, aimed at ensuring the best returns to the farm businesses as whole. This is an area of extension which is in its infancy in Georgia, where extension has tended to focus on agronomic aspects of crop husbandry and on livestock production techniques. Farm business management support will also be provided mainly through classroom-based techniques and will focus initially on simple methods of estimating returns as a basis for farm business planning. This support will prospectively be provided by Gori University where adult

¹ Impact Analysis of Extension Services Provided by Kachreti Extension Centre. UNDP Georgia, 7th March, 2011.

² "Nergebi" is a local NGO which has extensive capacity of provision of agriculture extension services, consultations, agriculture project development, is UNDP, MCG and USAID relevant projects' partner.

³ Source: <http://www.icrier.org/page.asp?MenuID=24&SubCatId=177&SubSubCatId=316>

retraining capabilities have been developed by UNDP¹. This capability will therefore be extended to farm business management techniques.

In addition to boosting returns to existing crops, extension will explicitly aim at diversification and innovative approaches to production. The rural economy in Georgia shows considerable homogeneity of produce and this contributes to harvest time gluts and sharply reduced gross margins. Diversification of farms would help address this given different production seasons and production of crops less commonly found on Georgian markets. It is expected that initially only less risk averse farmers will be interested in diversification but, once there is a critical mass, demonstration effects are likely to occur.

Produce quality and grading. Extension will focus on these areas where gains will be essential if the proposed consolidation centre (see below) are to work effectively since good quality, graded and sorted fruit would be more likely to attract buyers. This will involve working with farmers on produce appearance and taste characteristics and defining standards such that sorting can be systematic.

Demonstration projects. The number of demonstration projects will be increased such that they address not only existing crops, but also new crops thought to be suitable for Shida Kartli region. Arrangements for demonstration projects provision and access would be formalised, with farmers receiving assistance and inputs for the demonstration projects and, in return, agreeing to follow specified recommendations on production and to allow access to the spots of the projects to other farmers for a defined period. Demonstration projects will be located in the areas suitable for the crops concerned, but will nevertheless be dispersed throughout Shida Kartli with, prospectively, several demo plots per product or crop.

The location of the demonstration projects will be selected in the areas of the communities of concern – IDPs' or mixed settlement agreed jointly by UNDP and UNHCR with regional and local authorities and local communities. UNDP plans to develop a fruit dryer at initial stage (to enable large number of farmers to benefit from additional income generation possibilities) and then gradually increase the number of demonstration projects, sufficient for households. It is hoped that the learning-by doing-effect will show farmers new methods and possibilities to increase their production, provide them access to new methods of farming and gradually up-grade their farming skills.

Demonstrations of greenhouse production will form *one element*. These will focus on production from 'light' low-cost greenhouses which are suitable for, and affordable on, backyard plots. These are likely to be unheated, and designed to allow production in the shoulder seasons when open field production is not possible. This will, however, be backed by a larger demonstration greenhouse which will be on a scale large enough to demonstrate production of a wide range of greenhouse crops under heated conditions, also produce inputs. The intention will not only be to *demonstrate the production* of the crops themselves, but also indicate returns to farmers in up-scaling their greenhouse production to higher cost, higher technology variants and provide vulnerable household farms with low cost seedlings and plants – reducing significantly the inputs costs. A *secondary benefit* of the larger greenhouse demonstration will be the employment it will provide locally; based on revenue from sales from greenhouse production (a business plan will be compiled in advance to confirm that this will be possible). One greenhouse for demonstration purposes already exists and was constructed by UNHCR's local partner in 2010.



Improved links to research findings. Extension recommendations are typically found for extension in Georgia from a variety of sources, including national agricultural universities, the internet, professional seminars and input suppliers. This is a natural response in the absence of 'national' recommendations on individual crops and products as used in many countries to be the case in the past. Unfortunately, however, experience suggests that this diversity of income sources often leads to a diversity of recommendations for individual crops leading in turn in some cases to sub-optimal recommendations. This negatively affects farmers' confidence in extension. The intention will therefore be to prepare standard recommendations on the core crops and products in the region such that farmers can have confidence that what is recommended is valid and technically appropriate.

These recommendations will be prepared in summary form on information sheets and made available to farmers, as well as at input suppliers' premises. Information sheets on new crops which are suitable for production in the area will be added in due course, such that farmers have access to standard information for a variety of crops, with periodic updates as production recommendations change.

The extension centre will serve as an umbrella for developing farmers association in Shida Kartli. The project will support creation of farmers associations (preferably joint association of IDPs and local farmers) prospectively from beneficiaries of the extension centre, cold storage users (consolidation service clients) and fruit dryer facilities. The farmers association is a crucial component for ensuring effectiveness of the projects components during the project implementation stage and their sustainability after the project implementation phase. The project will support self-management capacities of farmers associations and facilitate their joint actions.

The sub-activities of under this component will include:

- 1.1 Selection of an NGO for provision of Extension Services with the precondition that the NGO will continue provision of advisory services to the member farmers after completion of the project;
- 1.2 Develop Master Plan for provision of Extension Services;
- 1.3 Identify capacity gaps of the selected NGO and address those in cooperation with Georgian Agrarian University;
- 1.4 Delivery of on-field group and individual consultation sessions;
- 1.5 Developing of database and delivery of SMS based consultations;
- 1.6 Delivery of Agriculture Business Management courses to farmers through Gori University based Vocational College;
- 1.7 Developing greenhouses (elaboration of business plans and developing of the infrastructure);
- 1.8 Support to farmers associations by Extension Consultants for developing self-managements skills and development planning.

2. Demonstration projects in food processing and preservation

Given lack of cold storage and the benefits in terms of value added from food processing and preservation, demonstration 'projects' in these areas will be established. The intention will be to show both technical and financial feasibility and hence to show the business case overall for actions in this area. The objective will be to allow producers to add value to raw produce by allowing them to divert part of their annual production from sales of raw materials to semi-processed or preserved produce, thereby generating higher returns and cash incomes.

Given that Shida Kartli is predominantly a fruit producing area, demonstrations will centre on small scale fruit drying. This provides for improved household food security and nutrition, particularly during winter months. In addition, it also offers the opportunity for sales on local markets and hence increased income for farming families. There are now a number of small-scale low cost fruit driers

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available which can be used to process a range of fruit types as well as regulating moisture content and appearance.¹ This is important since each product must be assessed for the rate of drying to ensure relatively rapid drying without loss of quality that can be caused by excessive browning or fungal contamination. UNDP already has substantial experience in fruit drying. This involves mirrors based fruit dryer developed with support of UNDP at Akhaltsikhe Professional College and more simple glass covered dryer developed with Kachreti Professional College.

In addition, the milk processing facility in Gori University and milk laboratory will be used for demonstrations in this area, focusing on yoghurt (matsoni) and cheese production. The facility will provide demonstration sessions in milk processing technology (in the part applicable for the farms) in order to develop skills and apply more advanced technologies of the animal husbandry farms.

The extension consultants will provide extensive advice to the users of the fruit dryer both, in technological aspects and marketing of the dried fruits.

The sub-activities of under this component will include:

- 2.1 Assessing and defining marketing opportunities and sales channels for the dried fruits;
- 2.2 Defining final design for fruit dryer;
- 2.3 Developing fruit dryer and running it;
- 2.4 Delivery of demonstration sessions at Gori University milk processing facility and milk laboratory.

3. Improved marketing through produce consolidation

Consolidation centres offer a way of establishing backward linkages with farmers for procuring fresh fruits and vegetables. The objective for buyers is to ensure a steady and continuous supply of fresh fruit and vegetables into the marketing chain. The objectives for the farmers is reducing the market risks and transaction costs, through providing an alternative to brokers, wholesalers and commission agents to whom they would normally sell their produce (if indeed they can find a market at all).

Widely established in many European countries², the consolidation centre becomes a tool of supply management capable of supplying fruit and vegetables to market chains, but also rebalancing the relationship between farmers and buyers. Direct supply by farmers will also allow increased control over quality, supply reliability and price stability. An added advantage is that it provides flexibility to the farmers to exit from this system, if they are not satisfied with its functioning, since there are no written contracts. It is thus well suited to small and marginal farmers since they are not locked into a marketing arrangement.

A model for consolidation will be developed for Shida Kartli under the proposed assistance. This will prospectively include a primary consolidation centre, linked to subsidiary centres which can be more easily accessed by farmers in the area concerned. This will be important given the distance and limited means of transport amongst the rural communities.

Prospective buyers will be introduced to the consolidation centres and linked with already operational 250 ton cool storage facility established by UNHCR and operated by GIPA, as well as the existing green house and farmers associations. At the same time, as noted, extension providers will work with farmers to improve quality and appearance in order to ensure the best prices and marketability of produce. It is expected also that this relationship between buyers and farmers will transmit signals about market requirements and market needs, including demand for new products. The operations of

¹ See for example <http://www.alibaba.com/showroom/small-fruit-drying-machine.html>
² http://www.agrologistiek.nl/downloads/Agro_folder_UK_ob_web.pdf

the cold storage will be supported by the Extension Service consultants who will provide advice to the farmers – beneficiaries of the storage. In addition, VET Centre (at Gori University) will provide targeted retraining programmes to support project activities.

The sub-activities of under this component will include:

- 3.1 Assessing and defining marketing opportunities and sales channels for the cold storage products;
- 3.2 Link with potential buyers established;
- 3.3 Developing the design for cold storage;
- 3.4 Developing infrastructure for cold storage;
- 3.5 Developing cold storage and running it, provision of sales support.

5. Management, Implementation and Coordination Arrangements

Joint programme development stage:

The concept of the Joint Programme in Shida Kartli has been thoroughly discussed and analyzed between the two agencies during the design stage. To operationalize it, a number of meetings and joint field visits have been conducted in the course of 2011, resulting in an agreed approach to development of joint programme on supporting the farming activities in the region.

Programme implementation stage:

The joint programme will be executed over a period of two years (1st November 2011 – 31 October 2013). This timeframe takes into account the differences between the UNHCR and UNDP programme cycle and the pilot nature of this initiative. The programme is, however, subject to extension through other phases, with possible expansion of additional funding sources and partners.

Coordination:

The joint programme coordination body (Steering Committee) will involve senior personnel of the two signatories to the joint programme document. The Steering Committee (SC) will be responsible for overall coordination of the programme and taking decisions on specific programme implementation aspects, ensuring optimal transformation of inputs into outputs through appropriate monitoring and evaluation actions pertaining to the relevance, performance and progress towards intended outcome, facilitating the cooperation of the programme with relevant partners, public and private, and ensuring continuous and effective communication between the programme and its beneficiaries. The SC will meet regularly but not less than twice per year, during the course of the programme. Ad hoc meetings of the SC may be organized when and if required, at the request of any of its members at any time of the programme implementation.

Apart from the Programme Steering Committee, a technical working group, which will include relevant staff members of UNDP and UNHCR will be established. The main objectives of the group will be further development of the programme's components and ensuring wide participation of different actors in the programme. It will also constitute the basis for an effective programme monitoring and evaluation and coordination of future activities.



Cooperation with local authorities and other stake holders:

The Joint Project will draw from expertise already available in the region such as national and international NGOs, who are working in the agricultural sector in Shida Kartli and coordinate its planned activities with those partners.

The Programme will further cooperate closely and regularly with the Governor's office to ensure a maximal involvement of the local authorities and their support for the programme and further expansion in line with the regional development plan, which will be established.

The Programme will further coordinate and collaborate with other UN sister agencies, such as FAO and with different Ministries, such as the Ministry of Agriculture and the Ministry of IDPs from the Occupied Territories, Refugees and Accommodation (MRA).

In the initial stage of implementation, the possibility of involving FAO, the Ministry of Agriculture and the Ministry of IDPs from the Occupied Territories, Refugees and Accommodation as National Partners under the Joint Programme will be actively explored.

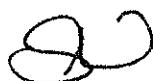
Eventual participation of MRA as a national partner in the joint programme will contribute to strengthening MRA's overall capacity to implement livelihood projects for IDPs, consolidate partnership between central and local government authorities, ensure the ownership by government authorities at central level and ensure sustainability of project (if successful, activities under the joint programme can be replicated by MRA in other geographic areas with funds provided to MRA directly by other donors).

In view of the nature of planned activities, participation of FAO and Ministry of Agriculture as partners will bring additional value to the programme. They will be invited to provide technical and advisory assistance throughout the joint programme implementation.

In this initial stage, the Joint Project for Shida Kartli, will focus on the two sister agencies UNDP and UNHCR and on improvements in the agricultural sector. However, should this phase prove successful, an expansion into other sectors as well as the inclusion of other agencies and stakeholders (governmental, development actors, international and national agencies is envisaged).

Joint Programme Coordinator:

To support prompt and effective programme implementation, a Joint Programme Manager will be employed, who will be responsible for day-to-day management and coordination of the programme implementation. The Joint Programme Manager will facilitate the joint management of the Joint Programme and regular follow-up of the implementation of activities, act as a focal point of the Joint Programme for the participating agencies, will be responsible for organizing steering committee meetings, drafting the minutes and progress reports. Ideally, the JP Coordinator will possess significant technical expertise as well as M&E experience or training (the costs will be covered through the pool account).

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Monitoring:

Monitoring, having its emphasis on systematic assessment at the project level, provides the basis for making decisions and taking actions and is indispensable in providing information and data for evaluations. This process is based on information collection and it is important that this information is accumulated in a planned, organized and routine way against the M&E Plan.

The monitoring within the joint programme is of particular importance since it feeds the future evaluation with information/data on effectiveness (contribution of the joint programme to achieving the national agenda, enhancing ownership and developing national capacity), efficiency (impact on reducing transaction costs of the government and participating agencies, influence of participating agencies on the pace of implementation), coherence (degree of progress towards common goals, degree of application of crosscutting strategies, like human rights based approach, capacity development, etc., value added of the joint programme) and management and coordination (appropriateness of delineated responsibilities and coordination functions, effects of coordination-lack of coordination on the programme).

Collection of project data will be an on-going process and will be integrated into the activities of implementing partners. In more details the process, including actions, tasks and responsibilities, will be described in the M&E Plan. In general terms it should include:

- **Financial monitoring.** Quarterly financial reports will be prepared. In addition to reporting on financial expenditure, major deviations from the budget need to be commented on.
- **Monitoring of inputs and activities.** The project should use a common format for monitoring inputs and activities of the project components - in order to keep track of who does what, where and how much and to what extent targets are achieved.

The monitoring and evaluation plan will be developed. The main goals of the monitoring and evaluation plan are to provide continuous feedback on implementation, to identify potential successes and problems as early as possible to facilitate timely adjustments to project operation and to ensure that the implementation is following the direction established during the strategic planning. The programme's M&E Plan will be a tool for planning and managing the collection of data and its analysis, reporting, and use.

The M&E plan will be developed by the Joint Programme Manager in cooperation with the Steering Committee. This will specifically involve:

- Development of a monitoring and evaluation plan building on the Joint Programme logical framework;
- Establishment of a system for the monitoring and evaluation of the joint programme funded activities;
- The monitoring and evaluation plan needs to make reference to the existing reporting and evaluation requirements agencies have for programmes funded by various donors; as well as respective roles and responsibilities of agencies;
- Taking into account international best practice and the experience of implementing partners in ongoing monitoring and evaluation activities.

The M&E Plan will represent a flexible document, which can be changed but with full understanding the reasons for the deviations. It will include a set of core indicators, as well as specify who is responsible for the overall implementation of the plan and who is responsible for achieving each goal and objective. This plan will also specify who is responsible to monitor the implementation of the plan and make decisions based on the results. The M&E Plan will be put in place as soon as possible, i.e. developed and made operational immediately after the project starts its operations.

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Evaluation:

While monitoring is routine and ongoing, evaluation is an in-depth study, taking place at specific points in the life of the project. The project's evaluation has the following major purposes:

- provide information to the various stakeholders that the project goals were achieved and their appropriateness in light of experience;
- extract lessons learned to inform future development projects;
- provide project's partners and stakeholders with better means for learning from past experience, improve service delivery, planning and allocating resources, and demonstrate results as part of accountability to key stakeholders.

More detailed description of evaluation process will be presented in the M&E Plan, while the general concept is summarized below:

- End of Programme evaluation. As a basis for a Final Project Report, an end of project evaluation should be carried out focusing on to what extent the project (i) has been implemented effectively; (ii) reached the intended outcomes; (iii) have been cost effective; and (iv) provided sustainable benefits and services.

Fund Management Arrangements:

Based on the common understanding on the situation in the field between UNDP and UNHCR, on deliberations about the best path to transition between humanitarian assistance and development, and on the agreement on the most efficient and effective aid delivery at this particular location, the agreement has been reached between the agencies that the Joint Programme for Shida Kartli would be managed under pooled funding conditions, with UNDP as Managing Agent.

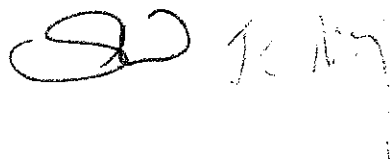
The UNHCR and UNDP will contribute funds to this joint programme in accordance with the budget in Appendix 1.

UNDP (as a managing agent) will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received by it pursuant to the Memorandum of Understanding signed between UNDP and UNHCR. The Joint Programme Account will be administered by UNDP in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest.

The Joint Programme Account will be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to the UNDP. The audit conducted by the Managing Agent's internal and/or external auditors will be considered acceptable to the participating UN Organizations.

The Participating UN Organizations will transfer funds to the Managing Agent through wire transfer. When making a transfer to UNDP, UNHCR will notify UNDP's Treasury Operations of the details of the transfer.

Transfer of cash to national Implementing Partners. The cash transfers to national and sub-national implementing partners will be processed according to the rules and procedures of UNDP in compliance with the reporting and administrating requirements of the standard letter of agreements concluded with relevant national/sub-national partners. The schedule of payments will be agreed in advance to with the national/sub-national partners and reflected in the letters of agreement.

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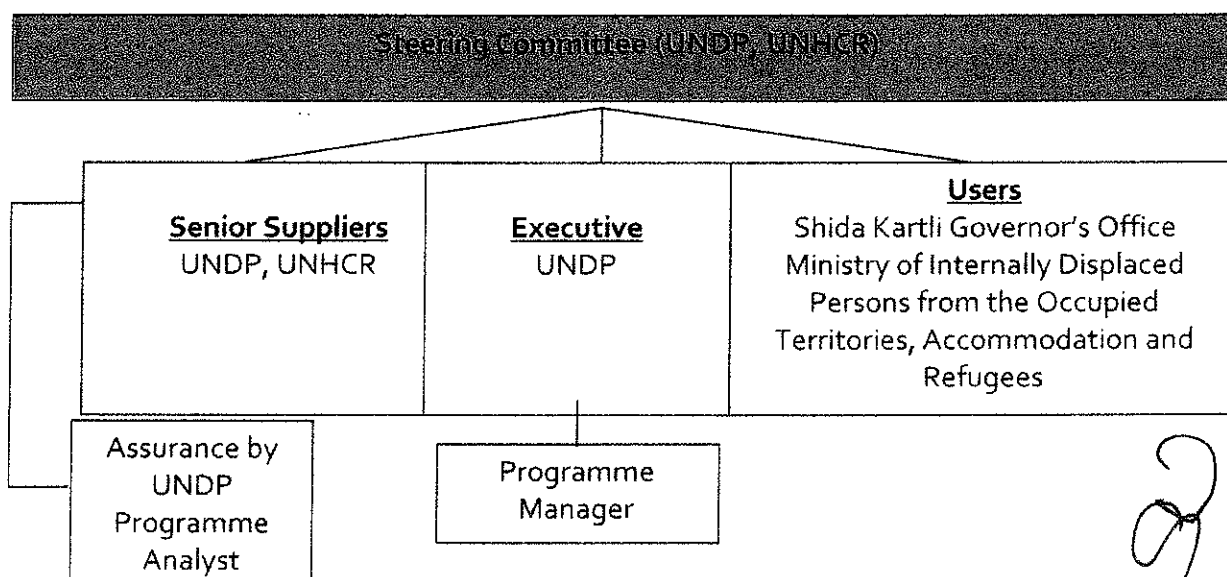
Reporting:

UNDP (as the Managing Agent) will provide the Joint Programme Steering Committee with the following statements and reports prepared in accordance with the regulations, rules and procedures applicable to it:

- a. Quarterly Progress Reports for each quarter will be produced by the Programme Manager for presentation to the Project Steering Committee. The Progress Reports will be drafted reflecting progress towards results, factors contributing to or impeding achievement of results and lessons learnt. The quarterly reports will reflect the programmatic and financial aspect of the Joint Programme;
- b. Narrative progress reports for each twelve-month period, to be provided no later than 3 months after the end of the applicable reporting period in consistence with its usual reporting requirements;
- c. Interim, locally-produced, annual financial reports as of 31 December each year with respect to the Joint Programme Account, to be provided no later than 3 months after the end of the applicable reporting period;
- d. A final narrative report and uncertified financial report no later than 6 months after the completion of the Joint Programme. The report will include an assessment and analysis of project performance over the reporting period, including outputs produced, constraints, lessons learnt and recommendations for avoiding key problems in future projects;
- e. A final certified financial statement, to be provided in 6 months after completion of the Joint Programme.

The project work plan will be developed and used to set targets for the delivery of outputs and to develop a strategy for ensuring the achievement of project objectives. The work plan will be reviewed and updated regularly by the Programme Manager in cooperation with key stakeholders. Performance measures will be identified to evaluate progress in implementing the project. The measures will assess the effectiveness of the Project in meeting the objectives of promoting socio-economic development, rural revitalization and poverty reduction.

Staffing. The project implementing staff will consist of a Joint Programme Manager. External consultants will be recruited by the UNDP according to its regulation.



Project activities will be managed as close to the local level as practicable, in close cooperation with the regional/local administration and farmers association.

6. Legal Context or Basis of Relationship

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA and all CPAP provisions apply to this document.


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

The implementing partner 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 implementing partner'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 implementing partner 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.


10.10.01

7. Budget

	Output/Activity Budget Item Description	Year 1			Year 2			Total		
		Unfunded	UNDP	Year 1 Total	Unfunded	UNDP	Year 2 Total	Unfunded	UNDP	Total
1	Activity 1: Improved agriculture extension services									
1.1	Contract with extension service provider	0	20,000	20,000	25,000	0	25,000	25,000	0	45,000
1.2	LoA with Gori University on agribusines management courses delivery	0	3,000	3,000	5,500	0	5,500	5,500	3,000	8,500
1.3	Green House (Big, heated)	40,000	0	40,000	0	0	0	40,000	0	40,000
1.4	Green House (Small, heated)	0	0	0	10,000	0	0	10,000	0	10,000
1.5	Support to developing of farmers cooperative "Nigozi"	0	5,000	5,000	9,000	0	0	9,000	5,000	14,000
	NET activity 1	40,000	28,000	68,000	49,500	0	30,500	89,500	28,000	117,500
2	Activity 2: Demonstration projects in food processing and preservation									
2.1	Fruit dryer	0	0	0	10,000	0	10,000	10,000	0	10,000
2.2	Demonstration sessions at Gori University plant	0	1,500	1,500	0	0	0	0	1,500	1,500
2.3	Packaging equipment	0	3,000	3,000	0	0	0	0	0	0
	NET activity 2	0	4,500	4,500	10,000	0	10,000	10,000	4,500	14,500
3	Activity 3: Support to Development of farmers association									
3.1	Design of cold storage	1,000	0	1,000	0	0	0	1,000	0	1,000
3.2	Developing of cold storage	0	0	0	12,000	0	12,000	12,000	0	12,000
3.3	Marketing and promotion of dried fruits	0	0	0	2,000	0	2,000	2,000	0	2,000
	NET activity 3	1,000	0	1,000	14,000	0	14,000	15,000	0	15,000
4	Activity 4: Project Management and Monitoring									
4.1	Programme Manager (Joint Project Manager SB4 min and 25% Fin and Admin Assistant SB3 Min)	0	31,372	31,372	31,372	0	31,372	62,744	31,372	94,115
4.2	Office rent, security, cleaning	0	7,440	7,440	7,440	0	7,440	14,880	7,440	22,320
4.3	Office equipment/furniture	0	888	888	804	0	804	1,692	888	2,580
4.4	Communications (internet, telephone, etc)	0	1,500	1,500	1,400	0	1,400	2,900	1,500	4,400
4.5	Utilities	0	2,500	2,500	2,000	0	2,000	4,500	2,500	7,000
4.6	Office operations (stationery, etc)	0	1,000	1,000	700	0	700	1,700	1,000	2,700
4.7	Travel (field trips, car maintenance and fuel)	0	2,000	2,000	1,800	0	1,800	3,800	2,000	5,800
4.8	Visibility	0	800	800	1,200	0	1,200	2,000	800	2,800
	NET activity 6	0	47,500	47,500	46,716	0	46,716	94,216	47,500	141,715
	TOTAL Activities Net	41,000	80,000	121,000	130,216	0	101,216	208,716	80,000	288,715
	General Administration Fee - 7%	2,870			8,415		8,415	11,285	0	11,285
	Grand Total	43,870	80,000	124,000	138,631	0	109,631	220,001	80,000	300,000

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Results and Resource Framework

UNDAF Outcome 1: Reduced number of households living in poverty through the realization of the economic potential and provision of social welfare		Participating UN organization		Participating UN organization corporate priority	Indicative activities for each Output	Resource allocation and indicative time frame*				Total
Programme Specific Outcome: develop rural livelihoods of the vulnerable communities of IDPs and host communities	(Give corresponding indicators and baselines)	UNDP	UNHCR			Q1/2	Q3/4	Q5/6	Q7/8	
Output: develop rural livelihoods of the vulnerable communities of IDPs and host communities through increasing the productivity of, and returns to, small-scale farming in Shida Karti	<p>1.1/ No regular and institutionalized extension services accessible to all vulnerable communities / # of farmers received consultations and services of extension center</p> <p>1.4/ No facilities and formats for initiation of innovative methods in farming are available in the area / # of innovations disseminated and applied by means of Extension Service provider.</p> <p>1.5/ No agri-business training provided to farmers/ # of farmers trained in agri-business skills</p> <p>1.7/ No enough green houses operate in the region serving for demonstration needs and providing local farmers with seedlings / accessibility of green house for demonstration sessions and accessibility of seedlings for local farmers</p> <p style="text-align: right;"><i>TE M</i></p>	UNDP, UNHCR	UNDP CP Outcome: 1.5. Equitable economic growth promoted through close cooperation with private sector entities within the overall framework of corporate social responsibility	<p>Activity 1. Support farmers to increase yield and productivity through provision of quality advice</p> <p>1. Selection of an NGO for provision of Extension Services with the precondition that the NGO will continue provision of advisory services to the member farmers after completion of the project;</p> <p>2. Develop Master Plan for provision of Extension Services</p> <p>3. Identify capacity gaps of the selected NGO and address those in cooperation with Georgian Agrarian University</p> <p>4. Delivery of on-field group and individual consultation sessions;</p> <p>5. Developing of database and delivery of SMS based consultations;</p> <p>6. Delivery of Agriculture Business Management courses to farmers through Gori University based Vocational College;</p> <p>7. Developing greenhouses (elaboration of business plans and developing of the infrastructure). Support to farmers associations by Extension Consultants for developing self-managements skills and development planning by extension consultants.</p>	x	x	x	x	118,500	
	<p>2.1/ No high quality market information on dried fruits / availability of results of market survey</p> <p>2.2/ No template design of simple fruit dryer available for farmers / availability of fruit dryer</p> <p>2.3/ Lack of fruit drying facilities available for local farmers / # of local farmers using fruit dryer</p> <p>2.4/ Lack of practical demonstration possibilities available for local farmers in processing / # of demonstration sessions provided at Gori University Dairy Plant.</p>			<p>Activity 2: Demonstration projects in food processing and preservation</p> <p>2.1 Assessing and defining marketing opportunities and sales channels for the dried fruits;</p> <p>2.2 Defining final design for fruit dryer;</p> <p>2.3 Developing fruit dryer and running it;</p> <p>2.4 Delivery of demonstration sessions at Gori University milk processing facility and milk laboratory.</p>	x	x	x	x	12,500	

<p>3.1/ Lack of market information on market for fresh off season products / availability of market information on off season fresh products 3.2/ No regular links between fresh fruit buyers and farmers / links established between fresh fruit buyers and farmers 3.4 / Lack of availability of cold storages / availability of new cold storage facilities</p>		<p>Activity 3: Improved marketing through produce consolidation 3.1 Assessing and defining marketing opportunities and sales channels for the cold storage products; 3.2 Link with potential buyers established 3.3 Developing the design for cold storage; 3.4 Developing infrastructure for cold storage; 3.5 Developing cold storage and running it, provision of sales support.</p> <p>Activity 4: Management and M&E Result: Project effectively managed and monitored 4.1 Hiring project staff 4.2/Setting up office in Gori 4.3 Implementing project activities per work-plan</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>X</p>	<p>x</p> <p>x</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p>	<p>15,000</p> <p>142,715</p>
<p>UNDP</p>	<p>Programme Cost **</p> <p>Indirect Support Cost** (7%)</p>					<p>80,000</p> <p>208,716</p> <p>11,282</p> <p>288,716</p> <p>11,285</p> <p>300,000</p>
<p>Unfunded</p>	<p>Programme Cost</p> <p>Indirect Support Cost (7%)</p>					
<p>Total</p>	<p>Programme Cost</p> <p>Indirect Support Cost</p> <p>Gross total</p>					

SO To MS