



Tbilisi, 13 June, 2014

*Empowered lives.  
Resilient nations.*

Dear Mr. Tagauri,

I am pleased to submit Final Narrative and Financial reports for operationally and financially completed project **"Integrated Socio-Economic Development of Pankisi Valley"** (Project ID: 00077091). According to the cost-sharing agreement with SDC, Pankisi project (00077091) was supposed to end on 30-Nov-2012. However, as communicated to you earlier, some of the commitments were carried over to January 2013 and therefore, reporting period extends to 31-Jan-2013.

As you will see from the financial report, balance of 168.77USD from SDC contribution was left unutilized. Please provide relevant bank details, so that we transfer the balance. Or alternatively, if you instruct us, we can rephase the balance to UNDP program fund and use it for other development projects.

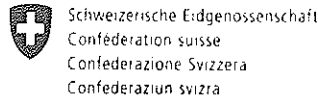
Let me take this opportunity to thank you for the continued support to our program.

Sincerely,



Sophie Kemkhadze  
Deputy Resident Representative a.i.

Mr. Beka Tagauri  
Senior National Program Officer  
Swiss Agency for Development and Cooperation



Swiss Agency for Development  
and Cooperation SDC



Empowered lives.  
Resilient nations.

## FINAL NARRATIVE REPORT

### PROJECT (00077091): INTEGRATED SOCIO-ECONOMIC DEVELOPMENT OF PANKISI VALLEY

Period: 1-Feb-2011 to 31-Jan-2013

#### Introduction

The objective of the project is to ensure integrated local development for the Pankisi Valley and to improve the lives of the local population through enhanced employment and self-employment opportunities, better provision of social services and safe and secure environment.

The Output: Increased productivity and incomes of the farmers in Pankisi Valley as a result of support for cattle production and marketing.

Target group: The target group will be small and medium sized farmers, especially with the focus on smallholders with 2-10 cows and/or up to 30 breeding ewes.

Interventions will be in the following areas:

- Improving efficiency of primary production;
- Developing productive infrastructure and services for the dairy processing in the Valley;
- Developing producers' and service providers' awareness of, and capacity to respond to market and processing opportunities; and
- Better producer prices and services to farmers through joint actions through farmers' groups.

The project is organized around the following major components:

1. Assessment of agriculture potential and market development needs;
2. Development of local farmers' production capability through provision of agriculture extension services;
3. Increasing efficiency of animal husbandry;
4. Facilitating creation and development of farmers' associations, and
5. Development of a small dairy processing plant.

With the course of 2011- 31.01.2013 the project has performed all the target activities: the agriculture extension services, vocational courses, support to animal health through local veterinarians association, fiduciary funds (merged grant and demonstration projects' scheme), as well as development of the milk processing facilities and supply chain was developed. The study on Animal Husbandry in Akhmeta Municipality was performed that provides the situation analysis and the vision and recommendations for the further stages of support.

#### 1. Assessment of Agriculture Potential and Market Development Needs

During 2011 preliminary assessment of agriculture sector was performed by the project team. The primary data on animal husbandry and vegetables growing was collected in cooperation with local

administrative units and existing market channels for meat and dairy products (wholesale and retail) was investigated. Based on this assessment the priority dimensions and the scope for thorough study was identified and relevant Terms of Reference developed for national consultant in agriculture. The process of primary data collection and research needs' and new processing and affiliated to it infrastructure and service development needs' identification.

Relevant technical calculations and feasibility study for the dairy plant, milk collection system and animal husbandry supporting service system were developed. During the course of these investigations the project team decided to include only national consultants in the agriculture sector related study and divert the funds envisaged for international consultants toward the non-study related programmatic activities, to make the costs structure of the project budget more effective taking into consideration that the research needs identified during the project clearly showed necessity of concentration of the study primarily on animal-husbandry and affiliated value chains and relevant products market channels.

During the course of 2011 the terms of reference was developed for consultant who determined the main objective of the study as 'receiving clear and detailed picture on the leading agriculture sector in the region - animal husbandry'.

The major tasks for the consultant were the following:

1. Collecting primary data;
2. Review agricultural sector-animal husbandry;
3. Develop a value chain analysis and identify bottle necks;
4. Study market channels accessibility;
5. Making analysis of animal feeding, animal buildings, animal breeding, animal health;
6. Identify intervention strategies and missing linkages.

The national consultant has performed the 'Animal Husbandry sector Study in Akhmeta Municipality', which was implemented on participatory approach and contains analysis of the existing situation in the whole municipality with description of various interest groups of farmers, their needs and recommendation for increasing efficiency of animal husbandry to help local population to increase live conditions and income generation.

The discussions of the results of the study were held with the extension centers' client farmers, the municipality and based on which the recommendations for new demonstration projects also serve for developing and designing further stages of the animal husbandry sector's development.

## **2. Development of Local Farmers' Production Capability through Provision of Agriculture Extension Services**

**Agriculture Extension Centre's Services.** The overall objective of the Agriculture Extension Center is to facilitate farmers' access to market, production, post-harvest handling and management information necessary for sound policy, investment, and operational decision-making which would eventually have beneficial poverty impacts.

The Extension Centre's field offices, both in Akhmeta (office space is allocated in UNDP office in Akhmeta) and Pankisi Gorge (Duisi village) are fully equipped for delivery of group and individual sessions and trainings.

The organized system for tracking farmers' performance (extension clients) is introduced. The Farmers' Card format was developed to track the main indicators of farms' productivity and efficiency regularly and assess the effect of extension center's services on effectiveness and efficiency of farms.

In 2011 a wide outreach campaign was performed to inform and attract many farmers for Extension Services through outreach agents who worked on delivery of information in the whole Akhmeta Municipality. A special leaflet in Georgian and Russian languages (2,500 pcs) and the posters in Georgian

and Russian languages (50 pcs) were printed and disseminated. Distribution of the leaflets and informing of the population was performed by the outreach officers and community trustees.

Based on the Farmers' Card counting 156 permanent and 80 associate members enrolled, the farmers' consultation groups were formed for the following areas: animal husbandry, veterinary, field crop growing, artificial insemination, vegetable growing and mechanization.

In total 334 group and 101 individual farmer consultations, 116 consultations at farmers' premises were held at farmers spots were held in 2011 and 2012 (please see the tables below).

### Breakdown of Extension Sessions 2011

Group	Place of consultation	# of group consultations	# of Individual consultations	#, consultations at Farmers' premises
Animal husbandry	Akhmeta	21	11	12
Animal husbandry	Village Duisi, Pankisi valley	9		9
Fodder production	Akhmeta	19		8
	Village Duisi, Pankisi valley	3		4
Veterinary	Akhmeta	19		4
	Village Duisi, Pankisi valley	3		4
Plant growing	Akhmeta	12	6	6
	Village Duisi, Pankisi valley	4		3
Artificial insemination	Akhmeta	10		
Mechanization	Akhmeta	11	3	
<b>Sub Total</b>		<b>112</b>	<b>20</b>	<b>50</b>
Business Consulting	Akhmeta	42	15	
<b>TOTAL</b>		<b>154</b>	<b>35</b>	<b>50</b>

### Breakdown of Extension Sessions 2012

Group	Place of consultation	# of group consultations	# of Individual consultations	#, consultations at Farmers' premises
Animal husbandry	Akhmeta	28	13	13
Animal husbandry	Village Duisi, Pankisi valley	14	11	11
Fodder production	Akhmeta	20	4	4
	Village Duisi, Pankisi valley	9	8	8
Veterinary	Akhmeta	24	6	6
	Village Duisi, Pankisi valley	12	7	7
Plant growing	Akhmeta	15	6	6
	Village Duisi, Pankisi valley	8	7	7

Group	Place of consultation	# of group consultations	# of Individual consultations	#, consultations at Farmers' premises
Artificial	Akhmeta	6	2	2
Mechanization	Akhmeta	8		
<b>Sub Total</b>		<b>144</b>	<b>64</b>	<b>64</b>
Business Consulting	Akhmeta	29		
	Village Duisi, Pankisi valley	7	2	2
<b>TOTAL</b>		<b>180</b>	<b>66</b>	<b>66</b>

### Breakdown of Demonstration Projects 2011

Sector	#, Demonstration Projects
Animal husbandry	8
Fodder production	4
Veterinary	1
Plant growing	6
Producing 'Guda' Cheese in the dairy plant	1
Mechanization	2
<b>TOTAL</b>	<b>22</b>

### Breakdown of Demonstration Projects 2012

Sector	#, Demonstration Projects
Animal husbandry	6
Fodder production	3
Veterinary	1
Plant growing	5
Mechanization	1
<b>TOTAL</b>	<b>16</b>

**The demonstration projects** are implemented based on pre-defined regulations and agreement with farmers. The purpose of the demonstration projects is to:

- Support application of new technologies at farms and provision of information and demonstration services to the farmers' community.
- Provide support to farmers in advancing their farms' effectiveness and efficiency through intensive post-testing support to larger groups in application of these demonstration projects, using fiduciary funds.

The regulations determine the farmers' eligibility criteria for demonstration projects, process of the support to be provided by the Extension Centre to farmers and liabilities of the beneficiaries.

The eligible farmers could choose preferable types of the projects, offered among the number of template projects based on the advice of the Extension Centre's consultants. The farmers were coached by the consultants during the implementation of the demonstration projects and were requested to provide some in-kind or financial contribution. The implementation of demonstration projects has dual effect: teaching and awareness raising and investment factor for raising effectiveness of farming. The implementation is monitored regularly, based on a schedule by an invited consultant, local consultant, coordinator of the Extension Center and the business consultant. **The details are presented in the Annex 1.**

### 3. Increasing efficiency of the animal husbandry practice

#### Provision of vocational retraining for local farmers

**Outreach.** The following activities were implemented for informing the population regarding vocational retraining courses:

- Rolling text-line announcement regarding vocational retraining courses was made 50 times a day during 1 week through Telavi TV, and 40 times a day during 1 week – through Akhmeta TV;
- Text announcements were made through Telavi TV 5 times a day during 1 week;
- Posters were produced (100 pcs in Georgian and 50 pcs in Russian) and posted at visible places in Akhmeta and villages;
- The community mobilization specialists informed the population with the leaflets on vocational retraining courses.

#### Vocational Retraining Courses 2011

Name of the vocational retraining course	Place of conducting the course	Number of groups	Number of members	Number of women
<b>Animal husbandry specialist</b>	Akhmeta, UNDP office	1	11	9 women
<b>Animal husbandry specialist</b>	Village Duisi, Pankisi	1	13	3 women
<b>Cheese maker</b>	Akhmeta, Dairy plant	3	34	28 women
<b>Veterinary nurse</b>	Akhmeta, UNDP office	1	12	4 women
<b>Plant grower</b>	Akhmeta, UNDP office	1	12	9 women
<b>Total</b>		<b>7</b>	<b>82</b>	<b>53 women</b>

#### Vocational Retraining Courses 2012

Name of the vocational retraining course	Place of conducting the course	Number of groups	Number of members	Number of women
<b>Animal husbandry specialist</b>	Akhmeta, UNDP office	1	10	4 women
<b>Cheese maker</b>	Akhmeta, Dairy plant	2	30	15 women
<b>Veterinary nurse</b>	Akhmeta, UNDP office	1	3	2 women
<b>Veterinary nurse</b>	Village Duisi, Pankisi valley	1	1	1 women
<b>Plant grower</b>	Akhmeta, UNDP office	1	14	10 women
<b>Total</b>		<b>6</b>	<b>58</b>	<b>32 women</b>

All the graduates of the re-training courses are currently self-employed and exercise the acquired advanced knowledge in running their husbandries successfully. In addition, 23 of them got jobs: 14 individuals became vets and vet nurses, 3 - consultants in animal husbandry, plant growing and veterinary, 2 lab specialists, 1 processing engineer, 1 cheese master, 1 driver-distributor and 1 security serviceman.

#### 4. Developing capacities of the local units of the National Food Agency

Program for developing veterinary in the Akhmeta Municipality was developed in 2011. Basic principles of the private veterinary service were developed and agreed upon with veterinarians of the Akhmeta Municipality.

In order to implement this component successfully, the veterinary instruments (veterinary tools and diagnostic means) have been purchased by the project.

Office for Veterinarians Association was repaired in the building of Akhmeta Municipality Administration Building. The room housed first veterinary association in Georgia to be created in the project framework.

Within the project, the Akhmeta Veterinary Association has been established.

On 31st August, 2011 UNDP and Akhmeta Veterinary Association organized a conference on the topic "Supporting the development of Veterinary in the Akhmeta Municipality". The conference was attended by the officials from the National Food Agency and Local Government as well as by the scientists and representatives of international organizations.

The agreement between the UNDP and the Akhmeta Veterinary Association was signed on 1st September, 2011. UNDP agreed to support the Akhmeta Veterinary Association in developing the private veterinary sector.

From September, 2011 Akhmeta Veterinary Association members were distributing the specially-developed brochures among the residents of Akhmeta Municipality to inform them about the implementation of the Veterinary Development Program.

From September, 2011 the survey of Farmers in Akhmeta Municipality has started to identify the existing conditions in animal husbandry as well as the farmer's approach to preventive veterinary. At present, 1236 farmers are surveyed and 2650 cattle are registered with them.

From December, 2011 the contracts were signed between the Akhmeta Veterinary Association and the farmers in order the preventive veterinary measures to be taken on 4 diseases (Siberian Ulcer, Emkari, Turkish, pasterela).

The Veterinary Association performed wide outreach campaign and obtained preliminary contracts with the population during December 2011 – February 2012 on the vaccination of cows against 4 kinds of diseases, which would cost 11 GEL per head through advance cash payment to the bank account of the Vet Association. Without preliminary contracting it would cost 3 GEL per disease up to the same 11 GEL in total through internal cash payment receipt on the spot.

The vaccination started in March 2012, in which 14 association vets were involved; as a result 19,221 GEL was accumulated on the Vet Association's bank account. **The details are presented in the Annex 2).**

### **Provision of artificial insemination services to local farmers**

Artificial insemination program for the farmers of Akhmeta Municipality was developed. Specifications of the equipment, tools and other means required for conducting of artificial insemination were identified.

Within the project artificial insemination equipment has been purchased. The five artificial insemination centers are established (2 of them are in Pankisi).

Preliminary polling of farmers was performed by community mobilization specialists in order to identify their attitude to artificial insemination.

6 veterinarians participating in the program took special course in artificial insemination and received certificates.

In 2011, 8 farmers benefited from services of artificial insemination (AI), among which 1 successful case was registered. The method which was used under the project was based on natural fertility processes and not on its artificial acceleration which makes impossible to control the demand for the AI services and leaves it fully on natural processes, which explains less cases as compared to planned number of cases. Mainly the cattle under indoor feeding are subject to AI, and the farmers having their cattle within herd with the potential inseminator bulls for free grazing are reluctant to agree on AI, though a persuasive work is carried out among them. In 2012, 18 attempts of AI were made, 9 attempts succeeded, of which 3 calves were born, aging now 3-4 months and above with good health condition.

### **Fiduciary funds**

The grants' scheme which was envisaged under the fiduciary funds was merged with demonstration projects scheme by means of which farmers could select any of 20 template projects and through co-financing implement a demonstration project under close guidance of the extension center's consultants. The template projects were developed by extension center's consultants (in animal husbandry and business consultants) and the fiduciary funds were provided to the selected farmers – best beneficiaries of extension services (for more details please see the section 2 'Increasing efficiency of the animal husbandry practice'.

## **5. Development of a small dairy processing plant**

**Project has developed milk processing infrastructure accessible for local producers of raw milk. The plant purchases milk from local farmers and produces 5 types of dairy product: 4 types of cheese and 'Nadughi'. The operation of the plant stimulates local demand for raw milk, a very common product of local farmers, supporting increase of the total volume of monetary incomes and also its share in total incomes in the beneficiary farms from 30% to 50%.**

The building of the Milk Processing Plant "Delamo" is located in Akhmeta, close to the Pankisi Valley. The Plant is equipped with the modern machinery and is dealing with the full cycle of milk processing.

### **The process of developing Cheese Plant.**

The business plan and feasibility study on dairy processing plant was developed in 2011 and negotiations with local municipality was launched on the best option for location of the plant as a result of which Akhmeta Municipality allocated a building and plot of land.

Topo-geodesic, geology and sustainability study of the building, along with projecting and cost calculation were performed before starting its reconstruction-construction works.



Specifications of the dairy plant equipment were elaborated in cooperation with an international consultant.

After studying sustainability of the building owned by the municipality, its roof, belt and part of the walls were dismantled.

Construction Company performed reconstruction/construction works taking into consideration specifics of the milk processing technology. Separate electric line was led to the building, independent water supply and sewage systems were arranged.

Additional space of 25 sq. m. was constructed next to the main building of 120 sq. m. totaling in space of 145 sq. m.

The dairy plant was provided with up-to-date equipment and laboratory devices. Milk processing equipment was installed by the foreign specialists – mechanics.

### **Operations of the plant.**

The Plant functions based on the business plan and the food safety manual drafted within the project. The capacity of the Plant is 0.5-1.0 tons of milk per day. The Plant is supplied by around 60 households through 3 milk collection centers 2 of them locating in Pankisi Valley (Duisi and Matani villages) and making up 55% of total milk supplier households. These farmers provide milk regularly and they profit from it. The milk collection centers are equipped with all the equipment necessary for milk quality control. 7 individuals are employed in the plant. 5 of them are the graduates of the re-training courses in Cheese Craftsman conducted within the project, who currently work as the processing engineer, cheese master, lab specialist, driver-distributor and the security serviceman.

The plant sells the products produced during the teaching process: Nadughi, cottage cheese and 5 sorts of cheese (Tushuri, Guda, Georgian cheese, Sulguni and Imeruli). Among these products Guda and Tushuri (produced at plant) are new products on the Georgian cheese market. The recipes of these cheeses represent modernized products but based on old methods of traditional cheese making. This approach is beneficial in marketing terms as it has created a new product on the market which is strongly based on traditional methods of cheese making in Georgia.

The main partners of the plant are the hypermarket "Good Will" – popular trade chains. The products are sold also in several high-status supermarkets in Telavi. A negotiation is held with the hypermarket "Carrefour"; presumably a contract will be concluded with it on supply of dairy products. The Commercial Director of "Carrefour" visited the "Delamo" Plant and gave high appraisal to it and the products. With its product quality and price, "Delamo" entered to the prime segment of the market. The plant focuses on the quality of product and thus sale prices correspond to them.

There is a big demand on the Cheese Craftsman courses under 'Delamo' - 5 groups of adults with 64 students have already been re-trained, 86% of which are certified. The professional re-training courses are provided by the Telavi Professional College "Prestizhi".

Agreement with the Ministry of Education and Sciences has been reached on conducting of the state budget-funded cheese-craftsman courses on the premises of the plant.

### Milk Purchased by Years

Period	Q-ty, Kg	Q-ty, Liter	Amount (GEL)
Year 2011	41,297	40,094	36,997
Year 2012	122,301	118,739	100,964
Year 2013 (January)	4194, 16	4072	4072
<b>Total</b>	<b>167,792</b>	<b>162,905</b>	<b>142,033</b>

### Production and Sales of Dairy Products by Varieties

2011

Variety	Produced (kg)	Sold (kg)	Revenue (GEL)
1 Imeruli	1,110	1,064	8,962
2 Delamo			
3 Sulguni	109	84	675
4 Tushuri	968	400	4,393
5 Georgian	1,409	421	4,218
6 Guda	1,462	235	3,056
7 Nadughi	1,008	993	3,038
8 Serum (Liters)	18,800	18,800	564
<b>Total, 2011</b>	<b>24,866</b>	<b>21,997</b>	<b>24,906</b>

2012-2013 (30 January)

Variety	Produced (kg)	Sold (kg)	Revenue (GEL)
1 Imeruli	10,765	10,286	91,059
2 Delamo			
3 Sulguni	30	6	76
4 Tushuri	2,684	2,064	21,341
5 Georgian	2,540	2,934	27,954
6 Guda		1,019	7,754
7 Nadughi	2,409	2,366	8,528
8 Serum (Liters)	14,825	14,824	445
<b>Total, 2012</b>	<b>34,221</b>	<b>33,499</b>	<b>161,853</b>
<b>Total, 2011-2013 (30 January)</b>			<b>186,759</b>

### Revenue Incomes from Sales of Dairy Products by Months

Incomes in 2011, GEL	
1 July	437
2 August	1,256
3 September	3,816
4 October	2,081
5 November	725
6 December	16,590
<b>Total, 2011</b>	<b>24,906</b>

Incomes in 2012, GEL		
1	January	6,034
2	February	11,350
3	March	15,121
4	April	10,979
5	May	15,229
6	June	12,177
7	July	11,719
8	August	11,405
9	September	12,003
10	October	13,725
11	November	16,730
12	December	14670
1	January	8881
<b>Total, 2012</b>		<b>161,853</b>
<b>Total, 2011-2012/2013(January)</b>		<b>186,759</b>

Total revenues of the plant from the sales make up 186,759 GEL;  
 accounts receivable – 38000 GEL;  
 Finished products in stock – 23000 GEL;  
 Accounts balance – 32,841 GEL.

**Use of incomes from dairy products sales - Reinvestment to Sustainability.** The business plan developed by the project team for the 'Delamo' plant envisages the management, financial and marketing plan and financial forecasts enabling proper management of the plant in the long-run. The target profit rate, which is calculated per types of products, varies from 15% to 20% of the total per unit costs. By the end of the project the savings were used for ensuring operational sustainability of the plant within the improved animal husbandry environment, developed network of milk collection centers, consolidators of local farmers' milk and their providers to the plant.

The incomes of the plant were used for supporting the vocational retraining courses provided to local farmers and reinvested into purchase of raw materials for supporting sustainability of the plant. In 2011 the supporting costs for vocational retraining were spent by Telavi Vocational College 'Prestizhi'. In 2011 the revenues of the plant, apart from support to the vocational courses, were saved for 2012 and for further operational support of the plant, meaning purchase of inputs - raw milk, etc.

In light of above said, the total expenditures of the plant making up 116,458 GEL for 2012, were spent on raw materials and operation - 93,170 GEL, on salaries – 10,076 GEL, on demonstration projects – 13,212 GEL.

### Quality Assurance System

"Delamo" has obtained the Certificate of Compliance for all the products produced. The quality control is exercised on the finished product on its way of production from the very farmers' premises (among them is the laboratory one as well).

The clinical and laboratory examination is conducted on all the cows that provide the milk for the plant. In order to ensure the food safety and quality assurance in cheese production a special project is being implemented that aims the constant control of hygienic conditions of the milk supplied to the milk plant "Delamo".

The following activities are permanently conducted within the project:

- Identifying the cows, the milk of which is supplied to the mini plant;

- Checking the identified cows against the tuberculosis;
- Checking identified cows against brucellosis (both in blood and milk);
- Identifying the mastitis in the milk;
- Identifying Somatic Cells in the milk;
- Defining the antibiotics in the milk;
- Bacteria in the milk.<sup>3</sup>

The lab formed within the project has checked 250 cows in farms that are supplying the milk against brucellosis and tuberculosis; all of those cows have been ear-marked. It resulted in identifying 45 cows infected with brucellosis (the appropriate measures have been taken). None of the cows were infected with tuberculosis.

20% of cases of mastitis were identified as a result of the regular 630 lab tests of the checked milk provider cows during 2 years.

#### **Quality Control System of the milk in the plant:**

Every day the milk supplied to the plant is checked against the following disease and parameters:

- Milk Acidity and Density;
- Fats and Proteins in the milk;
- Mastitis in the milk;
- Somatic Cells in the milk;
- Antibiotics in the milk;
- Bacteria in the milk

The finished products are lab-tested correspondingly.

#### **ANNEXES:**

Annex 1: Details of Demonstration Projects, 2011-2012

Annex 2: Results of Vaccination Campaign

#### **Name of the contact person:**

Sophie Kemkhadze, Assistant Resident Representative

Signature: \_\_\_\_\_

Location: Tbilisi, Georgia

Date report sent: 13-June-2014

## Details of Demonstration Projects, 2011-2012

#	Farmer's name	Demonstration Projects title	Project's total cost, GEL	Of which in 2011	Of which in 2012	Of which farmer's financial contribution, %	Effect/Impact	Comment
	<b>Plant growing</b>							
1	Amiran Nakhutsrishvili v. Ozho	Purchase of special greenhouse film and seed materials	540	540			Profit 240 GEL	Completed successfully
2	Mzia Bekauri v. Kistauri	Production of garlic over 0.05 ha (Purchase of seed materials)	1300	985	315		Profit 400 GEL, appr. doubled	Completed successfully
3	Tamaz Chitaiia, Akhmeta	Same as above	1300	985	315		Profit 400 GEL, appr. doubled	Completed successfully
4	Ia Antashvili, Akhmeta	Same as above	1300	985	315		Profit 400 GEL, appr. doubled	Completed successfully
5	Zurab Diasamidze v. Koreti	Same as above	590		531	10	Profit 400 GEL, appr. doubled	Completed successfully
6	Marine Margoshvili v. Omalo	Same as above	500		450	10	Profit 400 GEL, appr. doubled	Completed successfully
7	Nodar Kurdghelaidze v. Kvemo Alvani	Production of winter wheat over 1 ha (Purchase of seed materials)	1040	566	474		Profit 370 GEL	Completed successfully
8	Levan Kibrotsashvili, Akhmeta	Same as above	1040	566	474		Profit 370 GEL	Completed successfully
9	Tengiz Margoshvili v. Koreti	Production of onion over 0.05 ha (Purchase of seed materials)	500		450	10	Profit 420 GEL, appr. doubled	Completed successfully
10	Ketevan Shatirishvili v. Matan	Same as above	500		450	10	Profit 375 GEL, appr. 1.5 times more	Completed successfully
11	Zaal Simonishvili, Akhmeta	Production of tomato over 0.05 ha (Purchase of seed materials)	400		360	10	Profit 420 GEL, appr. doubled	Completed successfully
	<b>Mechanization</b>							
1	Amiran Nakhutsrishvili v. Ozho	Cultivator-ripper (introduction of mechanization, observation of agrotechnical timeframe)	2460	2460			Labor and resource inputs reduced, prime cost reduced, profit increased	Providing service to other farmers
2	Giorgi Khozrevanidze v. Ozho	Potato planter for 2.25 ha Same as above	3000	3000			Same as above	Providing service to other farmers
3	Vazha Nakhutsrishvili v. Ozho	Potato digger for 2.25 ha Same as above	2400		2160	10	Same as above	Providing service to other farmers
	<b>Animal husbandry</b>							
1	Zaurbeg Udzilauri Dato Kinkladze	Beef production, fattening bull calves technology	6400	4800		25	Calves' weight will reach 400-430 kg, profit will make up 2000-2300 GEL for	18-20 months from November 2011

#	Farmer's name	Demonstration Projects title	Project's total cost, GEL	Of which in 2011	Of which in 2012	Of which farmer's financial contribution, %	Effect/Impact	Comment
	Mamuka Shatirishvili Akhmeta						5 calves after selling in the age of 18 months Same as above	
2	Gia Basilashvili Merabi Shashlashvili Giorgi Tandilashvili Akhmeta	Beef production, fattening bull calves technology	6400	4800		25		18-20 months from November 2011
3	Bidzina Gigauri v. Atskuri	Improving zoo-hygienic conditions of attendance and housing of animals (installed lighting and ventilating systems; getting consultancies in arranging housing)	5560	4170		25	Improved health condition, enhanced demand in food and as a result - milk productivity and quality, profit from 1 milking cow - 390 GEL	Completed successfully
4	Kakha Akhalbedashvili v. Kvemo Alvani	Purposeful breeding of calf with milk substitute	2560	2560			Reduced calf breeding cost, increased farmer's profit at the expense of realization of saved 245 liters natural milk	Completed successfully
5	UNDP	Setting up milk collection center	10000	7500		25	15 farmers supply milk and gain income; milk collection procedure meets condition and milk is stably supplied to dairy processing plant	Completed successfully
6	Roin Terterashvili v. Matani	Setting up milk collection center	3000	1200	1800		19 farmers supply milk and gain income; Same as above	Completed successfully
7	Bidzina Elanidze v. Kvemo Alvani	Introducing alternated grassland graze system using electrical herder	2605		2605		efficiently utilized grassland and increased fertility of green mass per 1 ha	Completed successfully
8	Ramin Baighiashvili v. Sakobiano	Setting up food-chopping mini-plant	4000		2700	32.5	Increased efficiency of digested nutritiousness of food, cows' milk productivity; efficiently used food resource, reduced food production cost (previously 2 GEL per sack)	Completed successfully
9	Tengiz Margoshvili Muhmad Kavtarashvili v. Koreti	Setting up food-chopping mini-plant	5300		4770	10	Same as above	Ongoing
10	Mamuka Alkhanashvili v. Tsinubani	Setting up food-chopping mini-plant	5300		4770	10	Same as above	Completed successfully
11	Nazo Kavtarashvili v. Duisi	Setting up food-chopping mini-plant	2000		1800	10	Same as above	
12	Zurab Diasamidze v. Koreti	Setting up milk room in a milk production farm	1425		1282.5	10	Risen milk quality for sale, 1 liter milk price higher by 0.08-0.10 GEL, 120-150 GEL extra income per cow per year	Ongoing

#	Farmer's name	Demonstration Projects title	Project's total cost, GEL	Of which in 2011	Of which in 2012	Of which farmer's financial contribution, %	Effect/Impact	Comment
13	Tekle Gakhutlashvili v. Kutsakhta	Setting up milk room in a milk production farm	1085		976.5	10	Same as above	Ongoing
<b>Fodder production</b>								
1	Nana Kindadze Akhmeta	Lucerne production technology over 2 ha (Purchase of seed materials)	2328		2328		Mowing was held 2 times instead of 4 due to drought; Profit – 1775 GEL instead of 3550 GEL	Project successful (considering drought)
2	Tinatn Kudianashvili v. Matani	Same as above	2328		2328		Same as above	Same as above
3	Albert Shashashvili Akhmeta	Same as above	2328		2328		Same as above	Same as above
4	Giorgi Shashashvili Akhmeta	Same as above	1800		1620	10	Mowing was held 2 times instead of 4 due to drought; Profit – 2000 GEL instead of 4000 GEL	Project successful (considering drought)
5	Giorgi Akhmeteli Akhmeta	Grass haylage production, 32 t (with observation of sowing standards and agrotechnical timeframe, application of fertilizers)	2590		2590		Haylage was partially used in summer due to drought; Profit 400 GEL	Project successful (considering drought)
6	Pridon Chirashvili v. Khalatsani	Summer barley production, 2 ha (Purchase of seed materials)	1800		1620	10	Harvested 3 t barley grain, 1.4 t stubble; Profit 500 GEL	Project successful
7	Genadi Tandilashvili v. Sakobiano	Same as above	1800		1620	10	Same as above	Project successful
<b>Veterinary</b>								
1	Mamuka Kulaghashvili v. Kvareitskali	Using multi-mineral and antihelminthic lick-blocks for cattle to control internal parasites	1319		1187.1	10	Increased productivity by controlling internal parasites and qualitative improvement of rumen microflora; Increased gain in weight of fattening cattle and productivity of milking cows from 1500 to 2500 kg a year	Ongoing
2	UNDP Office	Milk production hygiene – laboratory established under Extension Center	9000	4300	4700		45 brucellosis and 0 tuberculosis cases out of 250 checked milk supplying cows; 20% of mastitis out of 630 checks; As a result, healthy quality milk for processing	Ongoing successful project

## Results of Vaccination Campaign

#	Village	Murrain						Blackleg						Anthrax						pasteurellosis						Total income		
		Total Vacc		Advance payment 11 GEL		Internal receipt		Total Vacc		Advance payment 11 GEL		Internal receipt		Total Vacc		Advance payment 11 GEL		Internal receipt		Total Vacc		Advance payment 11 GEL		Internal receipt				
		#	GEL	#	GEL	3 GEL	11 GEL	#	GEL	#	GEL	3 GEL	11 GEL	#	GEL	#	GEL	3 GEL	11 GEL	#	GEL	#	GEL	3 GEL	11 GEL		#	GEL
1	Matani	466	2200	262	786	4	44	437	204	233	699		405	204	201	603		234	204	30	90							4422
2	Akhmeta	268	693	201	603	4	44	93	67	26	78		67														1418	
3	Kvemo Alvani	432	1089	319	957	14	154	150	113	37	111		126		13	39		151	113	38	114						2464	
4	Khalatsani	95	286	63	189	6	66	33	32	1	3																544	
5	Duisi	477	1804	295	885	18	198	249	182	67	201		182					187		5	15						3103	
6	Sakobiano	94	869	15	45			81	79	2	6		80		1	3		80		1	3						926	
7	Maghraani	105	330	23	69	52	572	90	82	8	24		82														995	
8	Kistauri	269	1012	25	75	152	1672	269	244	25	75		269	244	25	75		269	244	25	75						2984	
9	Khodasheni	210	440	170	510			38					40					40									950	
10	Jokolo	100	275	71	213	4	44	95	29	66	198		18														730	
11	Ozhio	84	66	52	156	26	286	67	32	35	105		56		24	72											685	
	Total:	2,600						1,602					1,325					961									19,221	



**FINAL FINANCIAL REPORT (USD)**

Project name: Integrated Socio-Economic Development of Pankisi Valley  
 Award/output: 59634/77091  
 Project duration: 1-Feb-2011 to 31-Jan-2013  
 Reporting dates: 1-Feb-2011 to 31-Jan-2013

Schweizerische Eidgenossenschaft  
 Confédération suisse  
 Confederaziun svizra  
 Confederaziun svizra  
 Swiss Agency for Development  
 and Cooperation SDC



Activity/Work	Budget Item Description	Account	Impl. Agency	2011 Expenses		2012 Expenses		2013 Expenses		EOP TOTAL	
				UNHCR	SDC	UNHCR	SDC	UNHCR	SDC	UNHCR	SDC
1.1	International Consultants for agriculture study	71200	UNDP		0		0		0		0
1.2	Local Consultants for agriculture study	71300	UNDP		3,858		2,464		2,464		6,322
1.3	Feasibility Study on Micro-Processing Facility development	72100	UNDP		0		0		0		0
1.4	Business consultant	71300	UNDP		0		0		0		0
1.5	Flood mapping and follow-up activities	71300	UNDP		0		0		0		0
2	Activity 2: Silviculture				3,858		2,464		2,464		6,322
2.1	Activity 2: Extension Services				20,172		19,130		19,130		39,302
2.2	Provision of extension service related trainings/consultations	72100	Telav VET		20,172		19,130		19,130		39,302
2.3	Demonstration Farms/support to lead farmers	72100	Telav VET		10,000		37,492		37,492		47,492
2.6	Technical assistance to municipally agronomists	72100	UNDP		0		0		0		0
3	Activity 3: Improvement of efficiency of animal husbandry				30,972		56,622		56,622		87,594
3.1	Activity 3: Improvement of efficiency of animal husbandry				17,000		10,054		10,054		27,054
3.1	Provision of tailored VET training courses in agriculture	72100	Telav VET		17,000		10,054		10,054		27,054
3.1	Technical assistance to local unit of the National Service of Food Safety, Veterinary and Plant Protection (capacity building to Veterinarians)	72100	UNDP		24,050		10,460		10,460		34,510
3.2	Provision of artificial insemination services	72100	Telav VET		31,000		0		0		31,000
3.3	Provision of artificial insemination services	72100	Telav VET		16,954		2,753		2,753		19,407
4	Activity 4: Farmers Associations				3,650		256		256		3,822
4.1	Capacity development of Farmers associations	72100	Telav VET		3,650		256		256		3,822
4.2	Elaboration and implementation of joint marketing and market promotion strategy	72100	Telav VET		0		172		172		172
5	Activity 5: Dairy rural plant - UNHCR				79,100		89,200		1,143		84,240
5.1	Premises Adaptation	72100	UNDP		79,100		89,200		1,143		84,240
5.2	Equipment, inventory and tools	72100	UNDP		52,100		55,807		0		55,807
5.3	Operational costs (raw milk, inputs, management, communal expenses)	72100	Telav VET		53,657		25,872		25,872		85,529
5.4	Visibility costs	72135	UNDP		0		0		0		0
6	Activity 6: Project Monitoring and Management				15,707		27,015		0		23,915
6.1	Project staff (Pr. Manager, Field Assistant, Driver)	71400	UNDP		35,334		49,502		4,048		88,884
6.2	Office rent, security, cleaning	73100	UNDP		9,838		9,021		1,388		20,247
6.3	Office equipment/furniture	72800	UNDP		1,248		0		0		1,248
6.4	Communications (Internet, telephone, etc)	72400	UNDP		1,100		98		0		2,098
6.5	Utilities	72300	UNDP		3,667		2,245		901		6,814
6.6	Office operations (Stationery, etc)	72300	UNDP		1,997		747		43		2,665
6.7	Travel (field trips)	71600	UNDP		1,876		576		0		2,573
6.8	Car Maintenance	73400	UNDP		4,280		172		1,239		5,701
6.9	Fuel	73400	UNDP		6,994		2,752		790		10,536
6.10	Visibility	72135	UNDP		870		0		0		870
	GMS (7%) SDC		UNDP		15,400		13,999		0		29,399
	Activity 6: Project Monitoring and Management				83,631		80,075		8,410		171,036
	TOTAL Activities Net				184,857,08		207,306,03		1,139,72		393,302,83
	General Admin station fee - 7%				14,000,00		15,400,00		0,00		29,400,00
	Grand Total				198,857,08		222,706,03		1,139,72		422,702,83

**FINANCIAL STATUS OF SDC FUNDS**

Per % agreement between UNDP and SDC	Installation/ SDC	Due Date	Status	Amount received/ USD
1st installment	220,000	Dec-10	received	219,975,00
2nd installment	200,000	Feb-12	received	199,975,00
TOTAL:	420,000			419,950,00
Total expenditures incurred:				419,781,23
				168,77

Certified:  
 Sophie Kehndorfer, ARR  
 Date: 13-Jun-2014