

# United Nations Development Programme

## Project Title

### Sustainable Agriculture in the Autonomous Republic of Ajara

**UNPSD 2016-2020 Outcome(s):** Outcome 3. Growth and development are inclusive and sustainable, creating employment and livelihoods for the poor and excluded

**Expected CPD 2016-2020 Outcome(s):** 1. Growth and development are inclusive and sustainable, creating employment and livelihoods for the poor and excluded

**Expected CPD 2016-2020 Output(s):** Output 2.1. By 2020, national and local governments have greater capacities to promote user-centred, inclusive and sustainable rural and urban development policies

**UNDP Corporate Strategic Plan 2014-2017 outcome:** 1. Growth and development are inclusive and sustainable incorporating productive capacities that create employment and livelihoods for the poor & excluded

**Implementing partner:** The government of Autonomous Republic of Ajara

**Responsible Parties:** Ajara Agroservice Centre, Batumi Business Incubator

#### Project Summary

The long-term objective of this project is **to support the establishment of mechanism for sustainable and effective agriculture in the Autonomous Republic of Ajara**. The given effort addresses current problems and needs of Ajara agriculture sector, takes into consideration existing opportunities and builds upon the results achieved and partnerships established between key stakeholders, including UNDP and the government of Autonomous Republic of Ajara under the Project **ENPARD Ajara**. The project's long-term objective will be attained through achieving following immediate (intermediate) objectives:

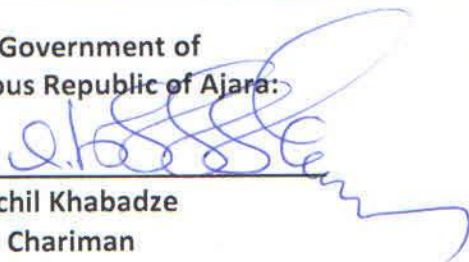
- 1) improve the quality and the results of extension services provided to farmers;
- 2) increase the productivity and commercial effectiveness of farmers and their cooperatives by creating high value supply (production) chain in the agriculture sector and;
- 3) strengthen institutionally the Ministry of Agriculture of Ajara in implementing rural development strategy and related programmes, carrying out strategic research, increasing the Ministry's management effectiveness, establishing and deepening partnerships with scientific-research institutes and other organizations, public relations and advocacy.

In order to achieve stated objectives, the project will apply combined mechanisms of technical assistance and grant-making, enhance knowledge and strengthen capacities of key stakeholders at individual, institutional and system levels and, deepen cooperation among project partners.

The government of Autonomous Republic of Ajara will be an implementing partner for the project. The project board (PB), composed of representatives of UNDP, the government of Ajara and the Ministry of Agriculture of Ajara will direct the project.

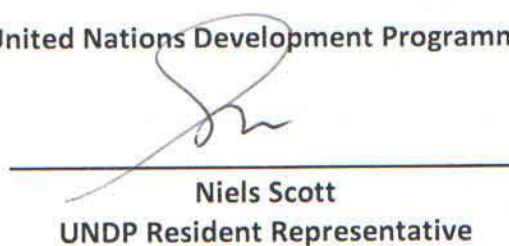
Programme period:	2016-2020	Total resources required:	<b>530,395.76 USD</b>
Atlas Award ID:	00089754/00095870	Total allocated resources:	
Start date:	1 May 2016	• The Government of Ajara AR	<b>530,395.76 USD</b>
End date:	31 December 2017	(equivalent of 1,300,000GEL per UNXRATE Apr2016 =2.451)	
LPAC date:	22 April 2016	Unfunded budget:	N/A
Implementation modality:	NIM	In-kind contributions:	N/A

The Government of  
Autonomous Republic of Ajara:



Archil Khabadze  
Chariman

United Nations Development Programme:



Niels Scott  
UNDP Resident Representative

## I. Situation Analysis

Over the last two decades Georgia has achieved significant progress in creating market economy. Nonetheless, currently there are a number of challenges and barriers towards the country's economic development. So far, establishment of sustainable and effective agriculture system, poverty alleviation and in general, rural development stay as one of the major national challenges and strategic priorities. Regardless of the fact that the country is rich in agrobiodiversity and biospheric and natural resources, creating a solid basis for local agriculture development<sup>1</sup> the Georgia's agriculture is still non-competitive and low value-added sector. Similar to 1990s' situation, it plays a role of subsistence economy and is based on lowproductivity, self-sufficient and partly self-sufficient small farm and household holdings in support of rural livelihoods. The population engaged in agriculture sector earns very little or zero income.

Current agriculture situation in the country is a result of a number of historic and present structural, institutional or macroeconomic causes and factors, which the state is trying to overcome using its own resource and international development assistance.

***The European Neighbourhood Programme for Agriculture and Rural Development in Georgia (ENPARD Georgia)*** is one of the largest grant assistances to the country. It is a 5-year effort (March 2013-March 2018) aiming at reinvigorating the agricultural sector in Georgia with a thorough cooperation of government, civil society, and farmers. Its total budget is 102 million EURO.<sup>2</sup> The first phase of the programme (ENPARD I) is coming to the end, while the second phase with a primary focus on rural development will start this year. Major successes of the ENPARD I are as follows: i) development of farmers extension services, ii) establishment and support to farmers cooperatives and, iii) capacity development of national and regional stakeholders, including the government of Georgia. All these achievements have created a solid foundation and recondition for future endeavours.

Since 2013 UNDP has been implementing one of the ENPARD's projects entitled: ***Support to Agricultural Development in Ajara Autonomous Republic (ENPARD Ajara)*** to come to the end in 2016. It addresses the issues, challenges and needs of the region's agriculture. More specifically, various studies and statistical data indicate that during the period from 2006 through 2012 Ajara's total share of Georgia's economy more than doubled due to the rapid growth of service, trade, construction and state administration sectors. Meanwhile, the Gross Value-Added (GVA) of the region's agriculture sector with horticulture (berries, stone fruits, citrus, hazelnuts, grapes, corn, early and winter vegetables, potatoes, tea and tobacco production), animal husbandry and apiculture being its major branches grew either insignificantly (2007, 2011-2012) lagging behind other sectors or declined (2008-2010). The sector's percentage share of Ajara's GVA was around 8.15% and the annual growth rate – 6.03%, on average. These figures were much lower than those of other sectors.<sup>3</sup> The given trend has developed against the backdrop of around 56% of Ajara's population living in rural

---

<sup>1</sup> STRATEGY FOR AGRICULTURAL DEVELOPMENT IN GEORGIA 2015-2020. Ministry of Agriculture of Georgia

<sup>2</sup> ENPARD. <http://enpard.ge/en/eu-launches-new-call-for-proposals-for-pilot-rural-development-measures-under-enpard-programme/>

<sup>3</sup> Regional Statistics. NATIONAL STATISTICS OFFICE OF GEORGIA. [http://www.geostat.ge/?action=page&p\\_id=1219&lang=geo](http://www.geostat.ge/?action=page&p_id=1219&lang=geo)

settlements<sup>4</sup>. Moreover, about 40% (75,500) of economically active rural population (197,700, 2013 data) was employed in agriculture sector.<sup>5</sup> The living standard of these people was very low, since they earned little income from agriculture activities. Namely, in 2012 farmers' monthly income from the sales of agricultural products made up only 4.8% of total non-cash and 5.4% of cash incomes. This was equal to 34.4 GEL per household. Slightly higher income was earned by farmers from self-employment, the total contribution of which to agriculture sector should presumably be significant. Namely, total monthly farmers' income from self-employment was 17.2% of both cash and non-cash incomes and 19.2% of cash incomes. Monthly income made up 123.3 per household.<sup>6</sup>

Thus, before commencing the ENPARD-Ajara project the region's agriculture was of low added-value sector and rural population, engaged in agriculture earned little income. This situation was precondition by set of structural, institutional and macroeconomic barriers/ factors, including:

- Subsistence character of the agriculture sector aiming at livelihood support;
- Small size of farms;
- Fragmented land holdings;
- Lack of agriculture cooperatives;
- Low commercialization of the sector and respectively, its decapitalization;
- Limited access to finances;
- Poor farmers' knowledge and skills;
- Lack of innovations;
- Delapidated and/or underdeveloped infrastructure;
- Limited access to market information;
- Limited possibilities for products sales;
- Low land productivity and respectively, low productivity of the enter sector.

In order to overcome existing barriers and in response to agricultural priorities of Ajara's Regional Development Strategy adopted in 2011, as well as based on the long-term experience and successes achieved in the areas of business development and vocational training<sup>7</sup>, within the framework of ENPARD umbrella programme UNDP has initiated the project entitled: **Support to Agriculture Development in Ajara Autonomous Republic** aiming at facilitating the implementation of the national strategy and strengthening small farmers organizations in the region. Major priorities/components of the project are as follows:

- Increasing and improving services to small farmers;
- Development of business oriented small farmers groups, associations and other forms of profit-based collaborative actions between farmers;
- Institutional development of the Ministry of Agriculture of the Autonomous Republic of Ajara.

---

<sup>4</sup> Demographic Situation in Georgia. Statistical Abstract. NATIONAL STATISTICS OFFICE OF GEORGIA.  
[http://www.geostat.ge/cms/site\\_images/files/georgian/population/15.10.2012\\_krebul%202011.pdf](http://www.geostat.ge/cms/site_images/files/georgian/population/15.10.2012_krebul%202011.pdf)

<sup>5</sup> Overview of Ajara Agriculture, ENPARD Ajara, 2014

<sup>6</sup> Standard of Living. Regional Statistics. NATIONAL STATISTICS OFFICE OF GEORGIA.  
[http://www.geostat.ge/index.php?action=page&p\\_id=1201&lang=geo](http://www.geostat.ge/index.php?action=page&p_id=1201&lang=geo)

<sup>7</sup> Elaboration of Ajara Regional Development Strategy, establishment of Batumi Business Incubator, with a support of Trade Promotion Centre of the Business Incubator, promotion of domestic and exports sales of local agricultural products, including handling, management and consolidation of the produce, through establishing supply chains for niche products, preparation of handbooks for vocational training and their application in practice

During the 3-year period, the project increased geographic scope of extension service as well as improved its quality control, supported setting-up and development of farmers cooperatives, established close partnership with the Ministry of Economy and Finance of the Autonomous Republic of Ajara with a purpose of creating value-chain for major agricultural products of the region, conducted institutional needs assessment of the Ministry of Agriculture, including its Agroservice Centre and carried out a number of capacity development activities in policy development and analysis, planning, monitoring and evaluation, conducted sector's strategic research, elaborated a new package of extension services for Agroservice Centre as well as a guidebook on integrating such services into the Ministry's and the Centre's work, assisted the latter in creating the web-portal and extension services' software package. In 2015, the project has started elaboration of the region's Rural Development Strategy.

At this point, Ajara's agricultural sector still faces a number of critical issues and challenges, such as:<sup>8</sup>

- High fragmentation of agricultural lands;
- Thin/absent land rental market;
- Limited access to loans and their expensiveness;
- Limited possibilities for farmers living in remote, high-mountainous areas to access local and foreign agricultural markets;
- Poor quality of fruits and vegetables as well as low productivity of crops (corn) and dairy cattle;
- Drop in the price of major export products (e. g. nuts, tangerines) in export countries;
- Provision of proper extension quality and its adequate geographic coverage;
- Farmers' limited capacities in agribusiness management and marketing.

Along with weaknesses and problems, the region has a number of strengths and opportunities, the use of which may support its agriculture development and ultimately, poverty alleviation. These advantages are as follows:

- Growing trend of providing subsidies to the agricultural production by the Ajara Agriculture Ministry;
- Presence of technical assistance programmes;
- Presence of Batumi port;
- Creation of best conditions for production of berries;
- Possibility to develop large farms based on contractual mechanisms (presence of large blueberry plantation);
- Readiness and willingness of the processing and consolidating centres to issue credits;
- Potential role for marketing cooperatives to compete with traders;
- Increasing flow of incoming tourists provoking an growing demand for locally produced fresh agricultural products;
- Good prospect for the development of agri-tourism and other important non-agriculture sectors of the region;
- Increasing price and demand on major export products (e. g. mandarin oranges) in export countries;

---

<sup>8</sup> Structural Issues of Ajara Agriculture in Ajara AR. Matteo Borzoni. Study co-financed by the EU through its European Neighbourhood Programme for Agriculture & Rural Development (ENPARD). December 2014

- Unmet demand on potatoes, vegetables and winter crops;
- High productivity of potato crops;
- Good market price and respectively, growing demand and market share of hazelnuts, peaches and other stone fruits.

The Government of Autonomous Republic of Ajara (hereafter, Ajara AR Government) is well-aware of problems, difficulties, needs and opportunities existing in the region's agriculture sector together with the necessity of sustaining and further deepening the successful results of ENAPRD I, including the necessity for implementing rural development strategy and ensuring continuity between two phases of the programme. Agriculture and rural development to lead to poverty alleviation of and economic prosperity of rural population still stays among top government priorities in the region. The strategies to achieve these goals are as follows:

- Increase in competitiveness of local agriculture production through creation of high value-added supply (production) chain (crop diversification, introduction of modern agritechologies, improvement of soil productivity and sector mechanization);
- Strengthen agrimanagement and marketing capacities of local farmers through improved extension and technical support to business development;
- Provide support to farmers' cooperatives in order to increase their productivity and commercial efficiency;
- Develop capacities of local stakeholder particularly, the Ministry of Agriculture of Autonomous Republic of Ajara (hereafter, Ajara AR Ministry of Agriculture) in order to institutionalize instruments for agriculture development as well as to maintain and further strengthen the already achieved positive results.

In order to achieve above objectives and meet current needs, in December 2015, the Ajara AR Government signed a Memorandum of Understanding (MoU) with UNDP, as with its major and trusted long-term partner in development arena, including the areas of agriculture and business development, vocational training and good governance. The given agreement envisages the implementation of a 2-year bridging project: ***Sustainable Agriculture in the Autonomous Republic of Ajara*** between two phases of ENPARD, through financial support from the Ajara AR Government and under the UNDP's leadership. Major objectives of this intervention are as follows:

- Support to the development of sustainable and effective agriculture in Ajara region taking into consideration ENPARD-Ajara's achievements and approaches and based on the principles of rural development policy;
- Improvement of the quality and results of farmers' extension services;
- Increase in farmers and cooperatives productivity and commercial effectiveness;
- Assistance to the Ajara AR Ministry of Agriculture in implementing rural development strategy and institutional strengthening.

## II. Strategy

### 1. Long-term Objective

The long-term objective of the given project is ***to establish mechanism for sustainable and effective agriculture in the Ajara region***. The project addresses the problems, needs and opportunities existing in agriculture sector and builds upon the the results achieved and partnerships established under the ENPARD Ajara.

### 2. Approach

#### 2.1 Immediate objectives

The project's long-term objective will be attained through following immediate objectives:

1. Improve the quality and results of extension services provided to farmers;
2. Increase the productivity and commercial effectiveness of individual farmers and their cooperatives through creating high value-added supply chains in the agriculture sector;
3. Strengthen the Adjara AR Ministry of Agriculture in implementing rural development strategy and related programmes, conducting strategic/structural studies performance effectiveness, establishing and deepening partnerships with scientific-research and other organizations, public relations and advocacy.

#### 2.2 Relevance of the long-term objectives with national, regional and UN strategic priorities

The project's long-term and immediate objectives and planned activities are in line with following priority directions of the 5-year Agriculture Development Strategy of Georgia (2015-2020): 3.1: Increase in the competitiveness of people employed in agriculture sector; 3.2: institutional development; 3.4: Regional and sectoral development – support to the value-added supply chain. Along with this, the project addresses rural development and structural needs of the agriculture sector identified/unaddressed under „ENPARD-Ajara“ and echoes the decisions of the recent Conference on the Agriculture Extension ( 7 December, 2015) that identified the provision of flexible farmers services tailor-made to their needs as major challenge and objective in this area.

The given intervention is in conformance with inclusive growth and poverty reduction objectives of UNDP Global Strategic Plan (2014-2017), UN Development Assistance Framework (UNDAF, 2016-2020) and UNDP Country Programme Action Plan (CPAC, 2016-2020).

The project is a bridging initiative between two phases of ENPARD-Ajara. It ensures strengthening of already achieved results and creating of the basis for further implementation of rural development strategy.

The given endeavour will bring about significant increase in economic productivity and competitiveness of local stakeholders - farmers and their business unions and their agriculture production. Moreover, capacities of the Ajara Agriculture Ministry will be enhanced in elaborating and implementing relevant policies in support of the development of high value-added agriculture production chains.

One of the important project results will be overcoming such new challenges emerged during ENPARD-Ajara, as: extension service not fully meeting with farmers needs, limited thematic scope of extension, poor service quality.

## 2.2 Methodology

In order to achieve intended long-term and immediate objectives this 2-year project will use a mixture of technical assistance and grant mechanisms and enhance the knowledge and capacities of all key stakeholders at individual, institutional and system levels. In addition, it will strengthen already established collaborative linkages among all partners. More specifically, the project will:

- Provide consulting services to the agriculture extension service providers (Agroservice Centre and information-consulting services) in identifying and introducing new products, upgrading staff skills, establishing quality management, monitoring and evaluation systems and farmers' feedback mechanisms as well as in strengthening cooperation with applied scientists/practitioners;
- Through Batumi Business Incubator will assist individual farmers and their cooperatives in identifying and establishing value-added supply chains through carrying out supply-chain competitiveness studies, collecting viable business ideas, developing business plans, conducting risk analysis, start-up and business development grants-making, knowledge and awareness raising of target groups/direct beneficiaries;
- Provide technical assistance to the Ajara AR Agriculture Ministry and its subordinate entities in identifying profitable crops, substituting older crops with new ones, elaborating and implementing marketing and rural development strategies, conducting strategic research/sector's structural studies, establishing strong partnerships with scientific and research institutes for the purpose of testing and introducing new varieties, increasing the effectiveness of green houses and setting strategic priorities for crop renewal.

## 2.3 Stakeholder engagement, partnerships

The project has been developed in close cooperation with Ajara AR Government. It addresses the needs of all key stakeholders and ensures the engagement of the public sector particularly, the Ajara AR Ministry of Agriculture and its sub-ordinate units, private sector – farmers, their cooperatives and other business unions, non-governmental sector and academia in any component or activity of the project. These parties are major beneficiaries of the project. Along with this, they are good sources of data, information, resources, expertise and opinions/ideas in all project endeavours, including: capacity development, strategic research, preparation and implementation of policy recommendations, partnerships, public outreach and advocacy.

The project will support the establishment/strengthening of partnerships between following parties: 1) **extension** – Agroservice Centre, Information-Consulting Centres, Academic institutions, farmers, farmers cooperatives; 2) **business development, creation of new high value-added supply chains** – farmers, farmers cooperatives, agribusiness representatives, Agroservice Centre, Information-Consulting Centres, Batumi Business Incubator, civil society organizations (CSOs); 3) **institutional strengthening** – The Ajara AR Ministry of Agriculture and its sub-ordinate bodies, farmers, farmers associations and cooperatives, agribusiness representatives, Batumi Business Incubator, Information-Consulting Centres, academic-research institutes, CSOs, media.

## 2.4 Integration of gender issues

The project will ensure gender equality and maximum engagement of all key female and male stakeholders/beneficiaries in any type of activity, including trainings, consultations, public discussion of strategic documents, development and implementation of business projects, etc. In addition, during developing new extension products and business projects, specific needs of female and male farmers will be taken into consideration. Furthermore, participation of female farmers or farmers' cooperatives will be one of the key project selection criteria for grant support. Project progress will be tracked through using gender disaggregated data. Finally, gender equality will be considered as one of the major success criteria.

## 2.5 Intended outputs and planned activities

It is expected to achieve following project outputs:

1. Improved quality and results of consulting services provided to farmers;
2. Increased productivity and commercial effectiveness of farmers and their cooperatives through creating the high value-added supply chain;
3. Enhanced institutional capacities of the Ajara AR Ministry of Agriculture in implementing in implementing rural development strategy and related programmes, conducting strategic/structural studies performance effectiveness, establishing and deepening partnerships with scientific-research and other organizations, public relations and advocacy.

State outputs will be achieved through implementin following activities:

### **1. Improved quality and results of consulting services provided to farmers**

- 1.1. Introduction of new extension products and improvement of existing ones;
- 1.2. Training/retraining of extension specilists in applying new and existing products;
- 1.3. Introduction of extension M&E system;
- 1.4. Introduction of extension quality management system and its operationalization;
- 1.5. Introduction and provision modern tools of extension (media, IT, etc.).

Above set of activities will strengthen partnerships between Agroservice Centre and information-consulting services in a joint effort to provide effective extension to farmers, will introduce quality management system through equipping the Ministry with specific software and will establish M&E and farmers feedback systems. Moreover, the project will ensure creation of collaboration mechanisms of information-consulting centres and Agroservice Centre with field/applied scientists.

Permanent quality check is one of the most crucial issues for developing of successful extension system which ensures satisfisfaction of the needs and expectations of beneficiaries and is oriented on continuous growth of impact of the services. The Project will be based on the Assessments developed under ENPARD Ajara 1<sup>st</sup> Phase (Technical Service Package of ASC and ASC Strategic Development Plan) along with the latest achievements in the field of modern extension system, which will create a basis for the quality check criteria application and implementation of the recommendations towards improvement of the system and services. The project will ensure regular impartial assessment of ASC and Ajara MoA-led extension service performance through invited experienced experts



## **2. Increased productivity and commercial effectiveness of farmers and their cooperatives**

- 2.1 Identification of high value-added supply chains;
- 2.2 Provision of agribusiness consulting to farmers
- 2.3 Development of business projects for farmers and their cooperatives;
- 2.4 Provision of grants support to farmers cooperatives in setting-up high value-added supply chains;
- 2.5 Establishment of strong market linkages between producers and other players.

Implementation of above set of activities will promote identification and development of high value-added supply chains. Though engaging in such schemes, farmers and farmers cooperatives will be able to increase their incomes. Meanwhile, through application of modern agritechnologies they will improve the quality of their products leading to the enhanced competitiveness of local products in comparison with imported products and their competitors in export markets.

Under this component, close cooperation will be established between Batumi Business Incubator, Agroservice Centre and information-consulting centres, that will make it possible to provide comprehensive extension and agribusiness services to farmers. This will help informed-decision-making by farmers, in terms of agronomical, technological, economic and commercial aspects. Apart from this, it will ease substitution of existing crops with more productive and profitable ones that will ultimately lead to the increased household incomes.

Under the given component, Batumi Business Incubator will provide business development consulting services to target farmers and farmers cooperatives, including development of business projects and risk analysis. This will create a solid ground for identification and implementation of prospective projects. Along with this, products competitiveness studies will be conducted that will look at this issue for local and foreign markets to facilitate identification and creation of high value-added supply chains.

The project, in a consolidated effort with state and local government agencies will popularise and advocate for the introduction of cooperatives or other effective mechanisms as well as will facilitate establishment of strong market links between producers and other stakeholders.

Demonstration plots, testing new crops and species will be established under the project through which the farmers will be supplied with seedlings and seeds reducing their operations and commercial risks.

## **3. Enhanced institutional capacities of the Ajara AR Ministry of Agriculture in implementing in implementing rural development strategy and related programmes, conducting strategic/structural studies performance effectiveness, establishing and deepening partnerships with scientific-research and other organizations, public relations and advocacy:**

- 3.1 Carrying out agriculture sector needs assessment studies;
- 3.2 Carrying out scientific research in the nurseries and demonstration farms of the Agroservice Centre;
- 3.3 Commercialization of scientific studies and papers;
- 3.4 Institutional strengthening of the Ajara AR Ministry of Agriculture and its subordinated bodies

Above-mentioned activities will help the Ajara AR Ministry of Agriculture in the following:

- effective elaboration and introduction of extension services;
- Identification and introduction of new, high value-added supply chains;
- Addressing current challenges in the fields of agriculture and rural development;

The given component also envisages carrying out structural studies that will help improve overall situation in the agriculture sector.

In order to increase the efficiency and effectiveness of testing and introduction of new crops, management of greenhouses and, to set strategic priorities for introduction of new crops, institutional mechanisms for collaboration with academic and research institutions will be established.

In parallel to above results, the Ajara AR Ministry of Agriculture and its subordinated bodies will set-up extension and in general, performance effectiveness monitoring and evaluation system, improve cost-effectiveness of existing services together with quantitative and qualitative parameters, will contribute significantly to transforming the region's agriculture from subsistence type sector to more profitable higher value-added one and in overall, development of cooperatives in the region.

## 2.6 Project sustainability

### 2.6.1 Institutional sustainability

Institutional sustainability of the project will be ensured via individual, institutional and system-level capacity development of government agencies, private and civil sector institutions as well as via establishment of institutional mechanisms for cooperation of all stakeholders – farmers, farmers cooperatives, Ajara Business Incumbator, the Ajara AR Ministry of Agriculture and its subordinate Agro-service Centre, information-consulting centres, academic and research institutes and CSOs. Specifically, upon completion of the project, relevant government, non-government and private sector organizations will be able to effectively perform their duties towards creating profitable farm holdings and supply chains, rural development and agriculture policy analysis, drafting and implementation, provision of extension and business development services and implementation of scientific-research and education activities.

### 2.6.2 Financial and economic sustainability

The project will support the establishment of high value-added agriculture production chains that will increase productivity and commercial effectiveness of farmers and farmers cooperatives. Apart from this, cost-effectiveness of extension services as part of the improved quality service together with improved extension and business development services, introduction of profitable crops and modern agritechologies will assist farmers in informed and optimal decision-making leading to the cost savings and increased profits.

### 2.6.3 Social and environmental sustainability

The project will contribute to the increase in incomes of farmers, including those living in high mountainous and remote areas or living under difficult natural conditions that will ultimately lead to rural poverty reduction. In addition, given the project envisages creation and/or expansion of farmers

cooperatives, it will ensure establishment/strengthening of safety networks between farmers, members of cooperatives leading to their enhanced social security.

With regards to environmental sustainability, in the process of selecting and mobilizing farmers/farmers cooperatives, among others, proximity of farmers/farmers groups to and linkage with protected areas existing in Ajara (e. g. Machakhela, Mtirala, Kintrisha, Kobuleti) will be taken into consideration. Therefore, the cooperation of the given project with on-going efforts in the area of development of protected areas in Ajara region is crucial to achieve catalytic effects and environmental sustainability.

During the design and implementation of any such activity as strategic and scientific research, development and introduction of new extension products and preparation and implementation of business projects, environmental impacts of above-mentioned actions together with their environmental sustainability, including climate adaptation will be taken into mind. While developing strategic recommendations and plans environmental sustainability will be considered as one of the actions' priority setting criteria.

At the practical level, on the one hand, low-input (irrigation water, mineral and organic fertilizers, pesticides and fungicides) crops resistant to pests and unfavorable agrometeorological conditions (droughts, rain showers, dry winds) and, on the other hand, environmentally friendly agritechnologies and good agricultural practices (crop rotation, no tilling, sustainable use of pesticides and fertilizers, use of biological fertilizers, efficient use of irrigation water, sustainable pasture management, etc.) will be promoted that will contribute to the environmental sustainability of the agricultural sector as well as to the food security. Moreover, it will enhance the adaptive capacities of local population to the negative impacts of climate change.

As for the integration of environmental considerations into project's day-to-day management, all goods and services needed under the project will be procured in accordance with well-established international environmental standards.

### III. Results and Resources Framework (RRF)

<p><b>Intended Outcome as stated in the Country Programme Document 2016-2020 Results and Resource Framework:</b> Outcome 3. Growth and development are inclusive and sustainable, creating employment and livelihoods for the poor and excluded</p>				
<p><b>Outcome indicators as stated in the Country Programme Document 2016-2020 Results and Resources Framework, including baseline and targets:</b> Indicator 1/ Number of new policies, systems, institutional measures at national and subnational levels to generate/strengthen employment and livelihoods; <b>Baseline (2014):</b> 3 policies/ programmes to support private sector development, including agricultural loan programmes (Ministry of Agriculture), support for cooperatives, ICCs and "Produce in Georgia" (Ministry of Economy and Sustainable Development), Enterprise Development Agency (EDA) and Georgian National Innovation and Technology Agency (GNITA) programmes; <b>Target (2020):</b> At least 2 new policies for supporting inclusive business development, application of innovations and rural development</p> <p><b>Indicator 2/</b> Unemployment rate (disaggregated by sex, youth, rural/urban); <b>Baseline:</b> 15% (2013); <b>Target:</b> 12% – Georgia 2020 target</p> <p><b>Indicator 3/</b> Percentage (self) employment among vocational education (VET) graduates disaggregated by sex, people with disabilities, economic and other vulnerabilities; <b>Baseline (2015):</b> to be confirmed in 2015; work net data, Ministry of Labour, Health and Social Affairs (MLHSA); <b>Target (2020):</b> 10% increase vs. 2015</p> <p><b>Applicable Outcome as stated in UNDP Corporate 2014-2017 Strategic Plan:</b> Outcome 1. Growth and development are inclusive and sustainable incorporating productive capacities that create employment and livelihoods for the poor &amp; excluded</p>				
<p><b>Partnership strategy:</b> the project will be implemented under the NIM modality in close partnerships with the government of autonomous republic of Ajara, Ministry of Agriculture of Ajara AR, including its Agribusiness Centre and Batumi Business Incubator</p> <p><b>Project title and Award ID:</b> Sustainable Agriculture in Autonomous Republic of Ajara (00089754/00095870)</p>				
Intended Outputs	Output targets (years)	Indicative Activities	Responsible Parties	Inputs
<p>Mechanisms for sustainable and effective agriculture in the Ajara AR established through improved quality and results of extension services provided to farmers; increased productivity and commercial effectiveness of farmers/cooperatives; enhanced institutional capacities of the Ajara AR Ministry of Agriculture.</p> <p><b>Baseline 1:</b> Current extension model needs improvement and adjustment to newly emerging needs in terms of products diversification, optimization of existing ones, extension monitoring and quality control and management</p> <p><b>Indicator 1.1:</b> Number of extension products developed;</p> <p><b>Indicator 1.2:</b> Number of trained extension specialists;</p> <p><b>Indicator 1.3:</b> Extension monitoring and evaluation system introduced and operational ASC/MoA; (yes/no)</p> <p><b>Indicator 1.4:</b> Extension quality management system introduced and operational ASC/MoA; (yes/no)</p>	<p>Improvement of existing extension model and increase in its effectiveness through achieving the following targets:</p> <p>2016 targets</p> <p>1.1: Minimum 1 new extension product is developed and provided to clients;</p> <p>1.2: Extension specialists are trained for each of 6 ASC/MoA field branches covering entire Ajara region;</p> <p>1.3: Extension monitoring and evaluation system introduced in ASC/MoA;</p> <p>1.4: Extension quality management system introduced in ASC/MoA;</p> <p>1.5: Modern extension tools (e. g. Audio-video materials, IT) developed and applied to ASC/MoA extension package;</p> <p>1.6: Number of extension beneficiaries increased by 10% (o/w at least 20% are woman farmers)</p> <p>2017 targets</p> <p>1.1: Minimum 1 extension product is developed and provided to clients;</p> <p>1.2: Extension specialists are trained for each of 6 ASC/MoA field branches covering entire Ajara region;</p>	<p>Activity 1: Farmers' Consulting</p> <p><b>Activity Results:</b> The Ajara AR Ministry of Agriculture and its Aroservice Centre successfully and un-intermittently provide to farmers the high quality extension services that fully meet farmers' needs</p> <p><b>Activities for Results</b></p> <p>1.1. Introduction of new extension products and improvement of existing ones;</p> <p>1.2. Training/retraining of extension specialists in applying new and existing products;</p> <p>1.3. Introduction of extension M&amp;E system;</p> <p>1.4. Introduction of extension quality management system and its operationalization;</p> <p>1.5. Introduction and provision modern tools of extension (media, IT, etc.).</p>	<p>UNDP; Ajara AR Ministry of Agriculture and its Aroservice Centre; Information-consulting centres, media, farmers</p>	

Intended Outputs	Output targets (years)	Indicative Activities	Responsible Parties	Inputs
<p><b>Indicator 1.5:</b> Modern extension tools (e.g. Audio-video materials, IT) developed and applied to ASC/MoA extension package; (yes/no)</p> <p><b>Indicator 1.6:</b> % increase in extension beneficiaries</p> <p><b>Baseline 2:</b> Production of farm holdings is of low productivity and low income</p> <p><b>Indicator 2.1:</b> Number of high value production chains;</p> <p><b>Indicator 2.2:</b> Number of developed business projects;</p> <p><b>Indicator 2.3:</b> Number of consulted farmers and cooperatives</p> <p><b>Indicator 2.4:</b> Number of cooperatives financed through grant assistance</p>	<p>1.3: Extension monitoring and evaluation system operational in ASC/MoA;</p> <p>1.4: Extension quality management system operational in ASC/MoA;</p> <p>1.5: Modern extension tools (e.g. Audio-video materials, IT) developed and applied to ASC/MoA extension package;</p> <p>1.6: Number of extension beneficiaries increased by 10% (o/w at least 20% are woman farmers);</p> <p>Increase in commercial effectiveness of individual farmers and their business groups (cooperatives and others) through achieving the following targets:</p> <p><b>2016 Targets</b></p> <p>2.1: Minimum of 10 value-added production chains are identified and studied;</p> <p>2.2: Minimum of 10 Business projects on prospective production chains are developed;</p> <p>2.3: Agribusiness consultations are provided to both individual farmers (at least 200, o/w woman at least 20%) and business groups (at least 10 cooperatives, o/w 2 cooperatives are led by women);</p> <p>2.4: Recommended high value-added production chains are financed through grant assistance to at least 10 cooperatives (with priorities on women-led cooperatives and use of green technologies).</p> <p><b>2017 Targets</b></p> <p>2.1: Minimum of 10 value-added production chains are identified and studied;</p> <p>2.2: Minimum of 10 Business projects on prospective production chains are developed;</p> <p>2.3: Agribusiness consultations are provided to both individual farmers (at least 200, o/w woman at least 20%) and business groups (at least 10 cooperatives, o/w 2 cooperatives are led by women);</p> <p>2.4: Recommended high value-added production chains are financed through grant</p>	<p><b>Activity 2 Farmers' Cooperatives</b></p> <p><b>Activity result:</b> farmers are aware of high value-added production chains in agribusiness. Farmers have the ability to develop business projects based on the provided business consultations. Prospective business projects are financed through grant assistance.</p> <p>2.1 Identification of high value-added supply chains;</p> <p>2.2 Provision of agribusiness consulting to farmers.</p> <p>2.3 Development of business projects for farmers and their cooperatives;</p> <p>2.4 Provision of grants support to farmers cooperatives in setting-up high value-added supply chains;</p> <p>2.5 Establishment of strong market linkages between producers and other players</p>	<p>UNDP; Ajara Ministry of Agriculture and its Agroservice Centre; Information-consulting centres, media, farmers, Batumi Business Incubator</p>	

## IV. Annual Workplan Year 2016

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				Impl. Agenc	Funding Source	Atlas Account	PLANNED BUDGET	
		Q1	Q2	Q3	Q4				Amount USD	
Improved quality and results of consulting services provided to farmers	ACTIVITY 1: Farmers' Consultations		X	X	X	ASC/005779	Ajara	71300Ld Cnslt	Introduction of new extension products and improvement of existing ones;	10,852.00
			X	X		ASC/005779	Ajara	71300Ld Cnslt	Training/retraining of extension specialists in applying new and existing products;	2,039.00
			X	X	X	ASC/005779	Ajara	71300Ld Cnslt	Introduction of extension M&E system;	1,958.00
			X	X	X	Govt/00622	Ajara	71300Ld Cnslt	Introduction of extension quality management system and its operationalization;	2,039.00
				X	X	Govt/00622	Ajara	72100/Contr-Compy	Introduction and provision modern tools of extension (media, IT, etc.).	20,930.00
<b>TOTAL Activity 1 : Farmers' Consulting</b>										
Increased productivity and commercial effectiveness of farmers and their cooperatives	ACTIVITY 2: Farmers' Cooperatives		X	X	X	Govt/00622	Ajara	71300Ld Cnslt	Identification of high value-added supply chains;	11,423.00
				X	X	B8I/004179	Ajara	71300Ld Cnslt	Provision of agribusiness consulting to farmers.	13,871.00
				X	X	Govt/00622	Ajara	72600/Grants	Provision of grants support to farmers cooperatives in setting-up high value-added supply chains	114,239.00
<b>TOTAL Activity 2: Farmers' Cooperatives</b>										
Enhanced institutional capacities of the Ministry of Agriculture of Ajara AR	ACTIVITY 3: MoA Capacity Building			X	X	Govt/00622	Ajara	71200/Intl Cnslt	Carrying out agriculture sector needs assessment studies;	11,015.00
			X	X	X	ASC/005779	Ajara	71300Ld Cnslt	Carrying out scientific research in the nurseries and demonstration farms of the Agroservice Centre	18,931.00
			X	X	X	ASC/005779	Ajara	72100/Contr-Compy	Commercialization of scientific studies and papers	6,935.00
				X	X	ASC/005779	Ajara	72200/Equip&Furn	Institutional strengthening of the Ministry of Agriculture of Ajara AR and its subordinated bodies	7,343.00
				X	X	ASC/005779	Ajara	75700/TR,WKSP,CF	Institutional strengthening of the Ministry of Agriculture of Ajara AR and its subordinated bodies	2,039.00
<b>TOTAL Activity 3: MoA Capacity Building</b>										
Management & Monitoring	ACTIVITY 4: Management & M&E		X	X	X	Govt/00622	Ajara	71400/Personnel	Project management & Monitoring	40,595.00
<b>TOTAL Activity 4: Management &amp; M&amp;E</b>										
<b>TOTAL NET</b>										
GMS 8% UNDP										
<b>GROSS TOTAL 2016</b>										
										21,136.72
										285,345.72



The first part of the report discusses the general situation of the country and the progress of the work during the year.

The second part of the report deals with the various projects and the results achieved during the year.

The third part of the report contains the financial statement and the balance sheet for the year.

The fourth part of the report discusses the future plans and the prospects for the coming year.

The fifth part of the report contains the conclusions and the recommendations of the committee.

The sixth part of the report contains the appendixes and the references.

The seventh part of the report contains the closing remarks and the signature of the chairman.



## V. Management Arrangements

The project will be implemented through National Implementation (NIM) modality, under which **the Ajara AR Government** will be **the project implementing partner**. UNDP will assist the Ajara AR Government in executing the project and providing needed inputs/resources.

**The project manager** hired by UNDP will be responsible for day-to-day project management and together with other project staff will ensure implementation of planned activities and achievement of expected objectives. He/she will be authorized to make payment requests in order to cover project-related costs. The project manager will periodically report to UNDP on the project progress.

**Project management team will be represented by the project manager, monitoring and evaluation/finance-administrative assistant and project support** including the cleaner and the driver. Based on project needs, the project will hire short-term local and/or international consultants.

UNDP will provide following operational support to the project: human resources management, financial management, procurement, contract management and logistics. It will supply project with all necessary resources based on the project manager's request.

In accordance with UNDP standard procedures, the project will be subject to annual audit by independent audit firm.

The title of all assets purchased under the project will rest upon UNDP until the end of the project and will be transferred to the implementing partner upon its completion for the capacity development purposes.

**The Project Board (PB)** will be responsible for directing the project and taking ultimate decisions. More specifically, it will ensure adherence of planned activities to intended long-term and immediate objectives as well as timeliness and quality of deliverables produced. The PB will meet once in a 6 months (more frequently, if required) and will review project work plan and progress as well as will approve budget and activity revisions.

The PB will be composed of the Executive, Senior Supplier and Senior User roles.

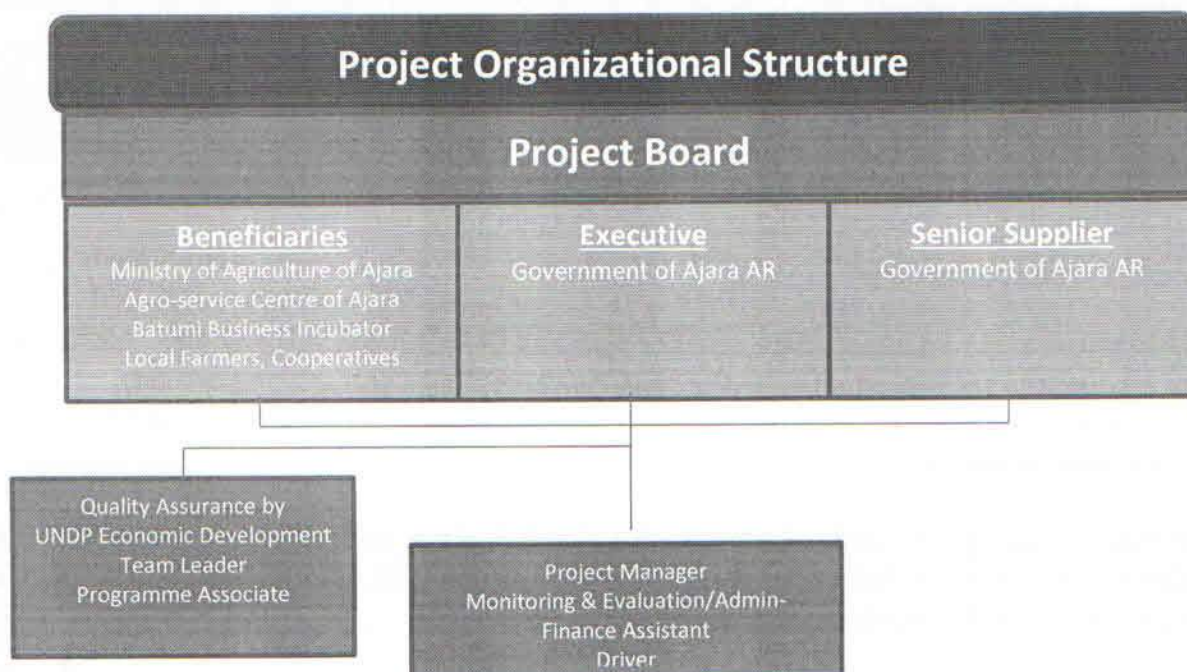
**The Executive is an ultimate decision-maker.** It ensures that the project is on track in achieving intended outputs and their adherence with the long-term objective. In addition, it guarantees that the project has a cost-conscious approach and balances the interests of Senior Supplier and User. For project purposes, the Ajara AR Government will play the executive role.

**The Senior User (beneficiary)** is an interested party in the PB who directly benefits out of project. It also sets specifications for goods/services to be provided to beneficiaries. The Senior User role commits user resources and monitors project outputs against agreed requirements. For project purposes, the Ajara AR Ministry of Agriculture will represent the Senior User in the PB.

**The Senior Supplier** represents the interests of those committing resources to the project. The Senior Supplier is accountable for the quality of the outputs delivered by the supplier(s). For project purposes the Ajara AR Government and UNDP will perform the Senior Supplier roles in the PB.

**Project Assurance** is one of the key roles in the project management structure aiming at independent and objective project quality monitoring. UNDP Economic Development Team and Programme Associate will play the Project Assurance roles.

The project will also have a number of responsible parties, including farmers and business groups, academic and research institutes, information consulting centres, etc.



## VI. Project Monitoring and Evaluation

The project will be monitored by the project management team in accordance with programming policies and procedures set out in the UNDP User Guide.

Specifically, on a quarterly basis, an assessment of the progress and the quality towards the completion of intermediate and ultimate key results will be recorded in UNDP ATLAS system, based on pre-set quality criteria and methods. Issues, risk and lessons learned logs will be activated in ATLAS and updated from time to time. In addition, the project monitoring plan (schedule) will be entered in the system and updated periodically.

In every 6 months the project will submit to the PB semi-annual progress report, by the end each year – annual report and by the end of the project – final report. These documents will be prepared in accordance with UNDP standard format.

The PB will meet every 6 months and will review relevant progress reports. Every fourth quarter of each year or immediately after its completion the PB will conduct annual project review, where it will review and approve annual progress report and AWP.

## VII. Legal Context

This project document together with CPAP signed by the Government and UNDP constitute together the Project Document as referred to in SBAA.

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

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

The 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.

## VIII. Annexes

- Annex 1. Risk Log
- Annex 2. Work Schedule

	Type	Impact and Probability	Management Response	Owner	Status
do not are not in	Operational	Probability P=1 Impact I=4	Technical service package of Agroservice Centre; Strategic development plan of the Agroservice Centre; consultations with farmers.	The Ajara AR Ministry of Agriculture of and Agroservice Centre	On-going
monitoring are not	Organizational	Probability P=2 Impact I=3	Strategic development plan of the Ministry of Agriculture; Strategic development plan of the Agroservice Centre; Consultations with the Ajara AR Ministry of Agriculture	The Ajara AR Ministry of Agriculture of and Agroservice Centre	On-going
terest to set-	Operational	Probability P=2 Impact I=4	Agribusiness consultation; new business projects on effectiveness of production chains	Project management team, Batumi Business Incubator	On-going
projects	Operational	Probability P=3 Impact I=4	Awareness raising of target farmers, agribusiness consultations, new business projects on effectiveness of production chains	Project management team, Batumi Business Incubator	On-going
AR Ministry	Organizational	Probability P=3 Impact I=4	Consultations with Ajara AR Ministry of Agriculture	The Ajara AR Ministry of Agriculture, project management team	On-going
on of	Operational	Probability P=3 Impact I=4	Consultations with Ajara AR Ministry of Agriculture, private sector representatives, scientists	The Ajara AR Ministry of Agriculture, project management team	On-going

