

JOINT PROGRAMME DOCUMENT

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


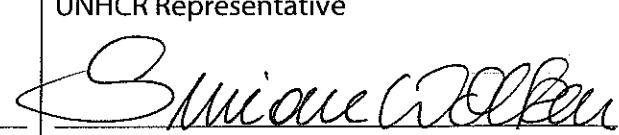
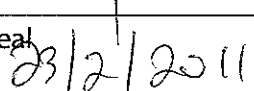
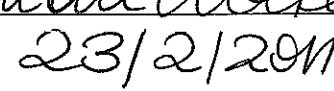
Programme Title: Integrated Socio-Economic Development of Pankisi Valley

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

Programme Duration: 24 months Anticipated start/end dates: 1-Feb- 2011 to 31- Jan- 2013 Fund Management Option: Pooled Managing or Administrative Agent: UNDP Award: 00059634 Output: 00077091	Total estimated budget*: 620,000 USD Out of which: 1. Funded Budget: 100% 2. Unfunded budget: _____
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Sources of funded budget:	
• UNHCR	200.000 USD
• UNDP	420.000 USD

Names and signatures of national counterparts and participating UN organizations:

UN organizations	
Jamie McGoldrick UNDP Resident Representative 	Simone Wolken UNHCR Representative 
Date & Seal 	Date & Seal 

1. Executive Summary

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

The present UNDP/UNHCR programme is designed to i) assist transitional strategy from direct individual humanitarian assistance to sustainable human development for all communities, including refugees in Pankisi Valley and ii) strengthen the national system of protection of refugees in a broader context of democratic governance, addressing poverty and promoting sustainable human development in Pankisi Valley, Georgia.

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

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

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

Moreover, the joint programme is in line with the next UNDAF cycle (2011-2015) for Georgia, which identified three thematic areas that support those Millennium Development Goals which have been recognised by the Government of Georgia as national priorities, namely:

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



- Poverty Reduction: advancing inclusive development, employment creation and access to health, education and essential social services, especially for vulnerable groups.
- Democratic Development: promoting balanced, independent, fair and participatory governance systems and processes at all levels, based on the Rule of Law, human rights and equality principles.
- Disaster Risk Reduction: building up the area's resilience to disasters through prevention and minimizing damage and loss in case of emergencies.

Considering that the present joint UNDP/UNHCR programme is a pilot initiative in Georgia i.e. aiming at developing and putting in place the first comprehensive joint programme, the experiences and results gained through its implementation will be used to develop similar initiatives in Shida Kartli and West Georgia for IDPs.

A handwritten signature in black ink, consisting of stylized, cursive letters that appear to be 'SW'.

2. Situation Analysis

The social-economic conditions in Pankisi Valley (Akhmeta municipality, Kakheti Region), Georgia is mostly determined by limited economic activities in the area, dominance of subsistence agriculture, and lack of accessibility to basic social services. The infrastructure is severely dilapidated due to years of limited systematic maintenance with unreliable electricity and problematic access to safe drinking water and irrigation. Most public facilities, such as hospitals, health clinics, municipal buildings, schools, kindergartens, and water supply and irrigation channels are in dire need of repair. The area suffers from extreme lack of economic development stimulus opportunity and, apart from state services, there are only two or three employers in the area and they offer very limited employment opportunities. Business is poorly developed, agriculture does not provide enough income to households, employment opportunities are restricted and tourism is not yet developed. The majority of existing businesses use labour forces of their family members and agriculture activity is weakly commercialized. For many refugee households money transfers from abroad by family members are the main source of income while local population mostly relies on non-monetary and monetary incomes from agriculture, limited trade activities and remittances of their own family members having temporary jobs abroad.

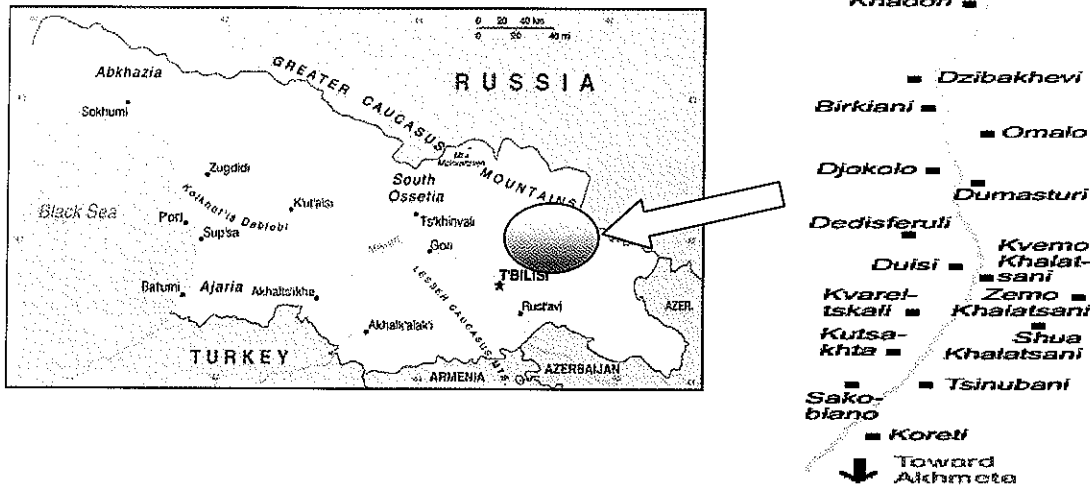
Bordering on two unstable Russian republics (Ingushetia and Chechnya) and situated in a mountainous area with several rivers, the Pankisi Valley is highly prone to multiple natural hazards (such as earthquakes, floods, landslides, avalanches, etc.), man-made risks (e.g. erosion, collapsing structures etc.) and conflict spill-over. The community, which is very poor compared to other municipalities in Georgia, was further impacted by the arrival of some 9,000 refugees in 1999 in connection with the second Chechen war. In January 2002, the Georgian authorities admitted that Pankisi valley was a safe haven for militants and criminal gangs engaged in kidnappings and drug trafficking. As a result the Government of Georgia launched an anti-criminal operation which only ended in 2003.

For the past ten years, UNHCR and its implementing partners have been providing protection and humanitarian assistance to the Chechen refugees, whilst advocating for durable solutions. As December 2010, there are some 650 refugees remaining in the area, and the Georgian Government has agreed to respond favourable to applications from the refugees for naturalization. In light of this opportunity for a durable solution that will also allow UNHCR to exit from this protracted refugee caseload, UNHCR and UNDP are establishing this joint programme, for the benefit of the entire community in this Valley, aimed at strengthening local governance, supporting sustainable socio-economic integration, mitigating and reversing environmental degradation, improving access to services such as health and education, and responding to gender-based violence issues.

The regional and local authorities are keen to work with UNHCR and UNDP, and the development and integration needs in Pankisi Valley are recognized by the Government of Georgia (GoG). However, given the challenge of coping with the impacts of the global economic crisis and the consequences of the August 2008 armed conflict, GoG has prioritized macroeconomic stability, providing necessary care and housing for some 340,000 internally displaced people and infrastructure rehabilitation. Therefore, an area-based development approach is required which is adjusted to local needs whilst being linked to national level development priorities.



Location and Map of Pankisi Valley



The population of Akhmeta Municipality, which embraces the Pankisi Valley, is 41,455. Most of the population (79%) lives in rural areas.

Population of Akhmeta Municipality

№	Akhmeta and Communities	Population		
		Total	Men	Women
1	Akhmeta	8,84	4,305	4,535
2	Ozhio	2,072	1,007	1,065
3	Khodasheni	1,856	905	951
4	Kistauri	3,434	1,670	1,764
5	Matani	6 723	,273	3,450
6	Duisi	6,256	3,052	3,204
7	Zemo Khodasheni	1,93	942	991
8	Zemo Alvani	5,063	2,462	2,601
9	Qvemo Alvani	3,627	1,658	1,749
10	Magraani	1,206	585	621
11	Kasristskali	352	171	181
12	Omalo (Tushetia)	93	47	46
Total		41,455	20,077	21,158

Source: GeoStat

Population of Pankisi Valley Villages

№	Villages	№ of Households	№ of Population
1	Sakobiano	191	564
2	Bakilovani	48	81
3	Dedisferuli	28	43
4	Kutsakhta	5	103
5	Koreti	78	125
6	Kvareltskaro	128	299
7	Khevistchala	2	34
8	Duisi	826	4,103
9	Djokolo	342	1,228
10	Birkiani – Dzibakhevi	269	910
11	Khadori	10	18
12	Tsinubani	64	264
13	Omalo	376	1,221
14	Zemo Khalatsani	38	125
15	Kvemo Khalatsani	44	122
16	Shua Khalatsani	48	189
17	Dumasturi	81	231

Total	2,406	9,660
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Source: GeoStat and local authorities

Serious out migration, particularly of youth, has created further demographic strains in Pankisi Valley and Akhmeta municipality. At the same time, there has been a large influx of refugee migrants from the Russian Federation which has created new tensions. The dire social and economic conditions are the breeding ground for potential ethnic and religious tensions in the municipality which has a rich ethnic and religious mix, including Georgians, Kists, Chechens and others.

To date, 870 Chechen refugees are registered in Georgia. Most Chechen refugees reside in Pankisi Valley together with the Georgian Kist population. The results of MRA re-registration present that the Kist/Chechen prima facie refugee population in Pankisi counts a total of 848 Individuals, with a gender balance of 50.3 % Females. Currently 44% are under 18, and 5.4%. Approximately 85% of refugees live with host families and the remaining 15% live in five collective centres. Out of 241 households, approximately half of them (54 %) are single headed HHs. Out of the overall figure 46 % (111) are headed by single women with children.

General Socio-Economic Situation. Currently the situation of the area can be characterized by:

- limited economic activities, and as a consequence, low employment and limited market development;
- predominance of subsistence agriculture with low gross margins;
- refugees and former refugees with limited access to opportunities for income generation;
- underdeveloped physical infrastructure; and
- high risk of natural disasters.

The population in Akhmeta should be considered as vulnerable compared to the other municipalities of the country. There is little enterprise development and hence limited employment outside agriculture, while agriculture itself provides only low income for households in the area. Unsurprisingly, the majority of farms and businesses employ only family members. Indeed, and according to the UNHCR's survey of refugees in Pankisi², of the 27 % of those surveyed who reported that they were employed, 16% were self-employed or employed in a family business³.

The area suffers from lack of economic development opportunity. Apart from state services, there are only two or three employers in the area, and even those offer very limited employment opportunities. Therefore, micro-scale economic activity is the best hope for longer term income generation for the households of Pankisi.

The local businesses have limited access to financing resources. The branch of only one bank is operating there, and it is mostly dedicated to serving state programs but not financing enterprise. Only one branch of a single microfinance institution is present in the area out of dozen operating in Georgia.

Local population mostly relies on non-monetary and monetary incomes from agriculture, limited trade activities and remittances of their own family members having temporary jobs abroad. Rural households in many cases have no employed members. The cash income with a high portion of pensions and

² Report on the Integration Prospects of the Chechen Refugees in Georgia: Pankisi Valley. UNHCR, October 2009; p. 8.

³ It should be noted that some refugees preferred not to answer to this question out of fear of losing future possible "benefits", and it is difficult to draw a very detailed picture.

remittances from relatives is not sustainable and allows no investments or savings. Any kind of extra expenditure, e.g. in case of illness, causes serious bottlenecks for the households.

The women in the area are in particularly precarious position, due to lack of economic opportunity, large proportion of single heads of households, general poverty, and traditional views of acceptable women's roles in the society.

Agriculture. Agriculture in the region suffers from the disadvantages found elsewhere in Georgia and, indeed, in the transitional world as a whole. Thus, in addition to very small and fragmented plots (the typical farmer in Akhmeta municipality owns a small land plot - 0.75 - 1.25 ha, which usually is also fragmented), there are no extension, price information or artificial insemination services. There is, in addition, virtually no market integration for goods produced in the Valley, and local supply chains remain extremely fragmented. Veterinary provision and use and farm machinery is also very limited. Limited agricultural and enterprise development is also attributable to poor access to finance. Only one bank has a branch in the area and currently does not lend to private enterprise. There is, in addition, one microfinance organization.

Livestock farming in Pankisi involves both the resident community and refugees. Thus while the remaining refugees do not have title to land (and indeed cannot own farmland until naturalisation), they are able to use common grazing to feed their livestock. And, since most families in Pankisi are involved in livestock production, any support to the sector would benefit both the resident community and refugees.

Given very limited employment opportunities outside agriculture locally and constraints on the inhabitants of the area accessing labour markets in other parts of Georgia (because of their limited skill sets), there is generally heavy reliance on agriculture for livelihoods. As a result, pro-poor actions in the area are likely to rest substantially on agriculture and, given its predominance, on livestock production.

Much of livestock production in the area is transhumance, with farmers moving cattle to pastures in hill and mountain areas during the summer months and overwintering them in lowlands during the winter, typically using rudimentary animal housing. Cattle and sheep are grazed during the summer months on common pastures and meadows, which are reached using livestock roads on which watering points are provided. And, because the land is still in state ownership, it is open to use by all. Despite this there are currently no reports of access problems or of overgrazing and, importantly, no reporting of conflict between the resident population and ex- or current refugees in the use of these lands. A range of winter feeds is used, including hay, maize and some crop residues, with reports of high costs and deficiencies in winter feeding. Silage is not widely found.

Beekeeping seems to have shown particular success, with beneficiaries of support under existing programmes for refugees reporting that, from retained earnings, they have been able to substantially increase the number of hives and to obtain good earnings from sales on local markets. This has had demonstration effects and consequently, there is reportedly strong demand for extension advice in beekeeping and honey production, with linked moves to develop branding for honey from the area. There has also been growth of wheat production in the area though, because cereals production requires farmland, this can be attributed to only indigenous population.

Markets. There is an existing milk collection centre in Akhmeta, with all milk used for cheese production. In contrast there has, to date, been no collection of milk for fresh sales from the collection



centre. Other than this, sales of meat, cheese and other products from the area are predominantly on local markets, with the exception being a part of the honey production which is sold to retailers, and on bazaars, in Tbilisi. Some livestock is also collected by ethnic Azeri traders who supply markets in Azerbaijan. They typically buy both meat and livestock. There are said to be substantial sales on Telavi market, which is now both a wholesale and retail market.

Nationally, sheep numbers have been rising lately in line with strong export market opportunities. These have mainly involved exports to Iran and the Arab states (including some air-flown supplies of live animals) and, largely in consequence, the national flock has been expanding. Production is now mainly for livestock sales for export, although with some for meat production for domestic markets. In contrast, there is almost no market for wool production and, indeed, much of the wool is burnt after shearing, with transport costs greater than market price.

Potential and constraints in livestock production. Studies undertaken by UNDP in Kakheti⁴ show low milk productivity and, indeed, nationally milk productivity in Georgia is low (at an average 1.2 tonnes per cow). This is attributed to use of cattle types which are designed for both beef and milk production, but also to poor animal nutrition, lack of veterinary services, and the need to shift the calving cycle.

Dairying has also been negatively affected by increased use of imported milk powder in dairy sector, with associated falling demand and prices for fresh milk. New labelling requirements (which require distinction between fresh and dried milk in cheese production) should change this, as may the increase in dairy facilities nationwide (with some foreign direct investment in the sector). Overall, however, the link between dairy farmers and dairies remains poor, with small volumes deterring dairies from collections from small farmers and even some milk collection centres unable to guarantee sufficient volumes to justify collections by dairies.

Similar market constraints affect the meat sector, with the cuts and meat quality below the standards found internationally. Consumer expectations currently seem to be low and demand for high quality does not yet justify use of breeds specifically oriented to beef production. But this will probably change, particularly with substantial import penetration by beef of higher quality and better cut. This will have obvious implications for animal breeding, slaughterhouses and meat retailing, which would in turn have impacts on livestock producers.

There will also be implications for livestock producers from food safety laws, with the most immediate impacts on slaughter. This would have particularly severe consequences for small farmers with experience elsewhere showing that, because of the higher cost of food safety compliant slaughterhouses, they are likely to demand delivery of minimum numbers of animals in the same livestock category. In contrast, they are unlikely to accept the delivery of single animals and hence small farmers' access to food safety compliant slaughter will be constrained.

Publicly-funded veterinary services are provided by the district units of the Veterinary Supervision Department of the National Service for Food Safety, Veterinary and Plant Protection. Their main functions are control of animal health and protection of public health against animal diseases; supervision and control of veterinary pharmaceuticals; identification of risks to epizootic welfare; implementation of special measures for the localization and elimination of animal diseases; veterinary sanitary supervision; and veterinary inspections.

⁴ UNDP (2009). Diversification and development in the Kakheti food and agriculture sector.

The district units support farmers through vaccination and consultation, although these services are limited, since there is an average of two veterinarians per district. In addition, vaccinations only cover the most dangerous diseases (principally tuberculosis, brucellosis, FMD) and therefore, farmers use private veterinarians for vaccination against other diseases.

Livestock production in the area is also affected by poor winter housing conditions. Animal housing is typically unventilated and insanitary, with consequent encouragement to diseases. In practice, improvements can be quite low cost, with improved ventilation alone leading to significantly improved conditions and better animal health.

Other services to agriculture in the area are limited. Thus, while there are branches of several banks located in the Pankisi area, as well as one microfinance organisation, lending for agriculture and for small-scale income generation is thought to be rare or non-existent. In addition, those farmers who are not part of the Sakobiano dairy farmers' association (see below) do not have access to extension advice. This should, however, change with the planned installation of 'agronomists' at municipal level, who despite their title will in fact provide support to crop and livestock production. These agronomists are in the process of being deployed and this should be completed by the end of 2010.

It is expected that this service will, as one benefit, have positive impacts on animal feeding regimes which are widely viewed as being of poor quality. The lack of silage making means the winter feeding regimes are below optimum. Efforts are currently underway in Kakheti region to encourage silage making from crop residues and, in particular, from the residues from winemaking.

Other donor support to livestock development. The principle recent support to dairying in Georgia has been that funded by SIDA⁵. Under implementation for four years, this has focused on the establishment and development of dairy farmers' associations. These mostly involve small farmers and provide support to members through milk collection and extension. This includes winter milk programmes, feed improvement and support to breeding through artificial insemination. Artificial insemination is provided through a local service provider which offers a mobile service and is able to offer high quality imported semen. Each association typically comprises some 60-70 members, with some 24 associations created nationwide, including the association established in Sakobiano.

Other support to income generation has been provided by UNHCR and NGOs working in the area, often with funding from other development partners. This has addressed a range of sub-sectors, including livestock, aquaculture, and beekeeping. Non-agricultural activities were also supported, including sewing and tailoring.

4. Strategies, including lessons learned and the proposed joint programme

The project idea corresponds to the 2006 -2010 United Nations Development Assistance Framework (UNDAF)⁶ Outcome #1 - *reduced number of households living in poverty through the realization of the economic potential and provision of social welfare*. It also targets the outcome of the UNDP Country Program Action Plan (CPAP) 2006-2010 addressing *equitable economic growth promoted through close cooperation with private sector entities within the overall framework of corporate social responsibility*.

⁵ <http://www.sida.se/English/Countries-and-regions/Europe/Georgia-/Programmes-and-projects1/Support-to-the-Milk-and-Dairy-sector/>

⁶ <http://www.ungeorgia.ge/eng/assistanceframework.php>



The aim of the Pankisi Programme 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 and sheep production and marketing.

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

General approach to Pankisi area development. The UNHCR and other international organizations provided humanitarian support to refugees during nearly 10 years that caused development of *dependency syndrome* and reluctance of the refugee population to self-sustaining development measures that request pro-active behavior. Therefore, integrated development interventions in Pankisi would create more integration and development opportunities both for local indigenous and refugee population.

For the benefit of the refugees who chose to stay in the Valley, UNHCR has developed a program of assistance which, in addition to housing and social infrastructure, also comprised of livelihood-supporting activities, providing small grants for micro-level entrepreneurship, mostly in agricultural production and crafts. Considering the availability of income generation projects UNHCR initiated adjustment exercise of reducing cash assistance. UNHCR has been implementing income generation schemes to support the refugee households' small business projects. While successful in its original intention of providing income to the refugees, this program has also brought about some tensions between refugees and domicile population, as the latter had no access to the same opportunities in the extremely economically constrained circumstances in the Valley.

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

For this reason, the UNDP has conceptualized a comprehensive local development intervention, covering several areas identified as priority in a number of scoping missions deployed to Pankisi to consult with a wide range of local stakeholders. The components of this intervention encompass the following:

1. **Economic development**, to be based on development of agricultural value chains and supporting infrastructure, primarily in animal husbandry, which has a long-standing tradition among the population, and in which some market opportunities have opened recently;
2. **Governance component** of the project will be aimed at building the capacity of local authorities to plan and implement appropriate interventions aimed at the improvement of overall social and economic situation in the area covered by Akhmeta municipality.
3. **Disaster risk reduction**, aimed at better management of environmental threats that plague the area, primarily from flash floods. Planning and management capacity development is to be combined with works to clean and shore up canals and riverbeds, producing short-term income generation opportunities for the local population as well.



In response to the identified needs and priorities, UNDP is investing USD 80,312 of its core resources to initiate the developmental program in the area along the above-listed lines. UNDP has provided vocational retraining for locals employed in agriculture, construction sectors and delivered information and consultation sessions to local farmers. 65 people were retrained in the professions of animal keeper/veterinary nurse, beekeeper, dairy processor, mason/plasterer and joiner. Agriculture extension related consultations were delivered to 140 farmers. Interestingly, like in other parts of Georgia, farmer community showed big interest in agriculture related courses. For instance, the local farmers attended the courses for veterinary nurses to learn about animal diseases so that they themselves identify the animal health problem and take care on simple things.

UNDP also performed capacity assessment of Akhmeta Municipality Executive Body (Gangeoba) with the aim of identifying capacity gaps. Besides, UNDP supports disaster risk reduction activities in the area by supporting cleaning and construction works on the ravine rivers and Alazani irrigation channel. These works are based on the flood risk assessment mapping which was undertaken by DRR National Think Tank with participation of local authorities. In addition, on-job trainings were provided on DRR and its integration in the activities of the local governance structures.

The present project details the economic development component of the proposed program. As said above, UNDP is using its own funding for the other two sets of activities and will attempt to secure further funding for up scaling those. UNHCR will allocate USD 200,000 for the activities leading to income generation, employment and jobs creation in Pankisi area. This contribution to the current Project's budget will be used for the development of facilities and supporting services for dairy processing in the Valley, and will represent a tangible contribution to dairy chain integration, offering opportunities for adding value to local agricultural production.

Increasing income from agriculture will demand an increase in commercialisation and hence stronger links to markets. In practice, this is likely to involve markets outside the Pankisi Valley and may also include some degree of processing aimed at adding value. The value chains that farmers in the area might therefore join include both benefitting from better prices outside the region (typically in urban markets) but also processing. Not surprisingly, however, many farmers in the area are unaware of market opportunities outside local markets or of opportunities to process themselves or to sell to processors.

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 will specifically target women to allow them benefit from all specific activities of the project to address the issue of lack of their participation and involvement in economic life of the valley.

Sustainability. It is recognised that sustainability of the above provisions is a key consideration. It is widely accepted that public provision of extension for small farmers is generally required, principally because of their limited ability and willingness to pay for such services. As farm size grows, there is



generally greater willingness to pay, but fees for smallholders for extension have generally not shown success.

It is therefore expected that extension, veterinary and animal breeding support through the proposed extension centre will need to be under full or partial public subsidy. In practice, charges for veterinary support and artificial insemination are possible, although full cost recovery is unlikely. Thus, while extension will probably remain a public good and will not generate a revenue, veterinary and artificial insemination services are more likely to be 'club goods' which have a subsidy from public resources, but where use is nonetheless rationed by a charge which covers some of the costs.

It will, therefore, be an important element of sustainability planning to estimate and secure from domestic budgets the funds needed to ensure continued operations. The case will be backed by a financial and economic analysis of the provision of the services in these areas after two years' of operations which will, if positive, serve as a justification for commitment of public funding.

4. Results Framework

The aim of the Pankisi Programme is to ensure integrated local development for the Pankisi Valley and to improve the lives of the local population there through enhanced employment and economic 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 and sheep production and marketing.

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

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.

Activity 1.

Assessment of agriculture potential and market development needs in the Pankisi Valley

Using UNDP's experience of elaborating agriculture development studies (for example in Kakheti region), it will comprise analysis of production and market opportunities in the main agriculture sub-sectors represented in Pankisi. As such, it will focus on (a) cattle, for both meat and dairy production; (b) sheep, for meat, cheese and wool; and (c) mixed farming – principally pigs, poultry, honey and vegetables. The analysis will be extended to embrace processing opportunities for farmers from the region in these subsectors and the feasibility of using instruments to promote and support food processing (including specialist food industry incubators). It is intended that the results of the study will help the project, local authorities and development agencies to identify the needs for agricultural development and increased rural value-added.



Among others aspects the quality of common grazing will be analysed in the study to assess the current state of pastures and meadows and to assess whether management of the grazing is likely to be required. An assessment will also be made of future carrying capacities since, clearly, if livestock numbers increase significantly as a result of the project, it will be important to avoid overgrazing and hence pasture degradation. If this assessment reveals this to be a current or likely future problem, proposals will be formulated for pasture management and improvement. Given the number and interests of stakeholders in the pastures, these proposals will be formulated after extensive consultation.

The report will be finalized in April 2011, though its components (for example fodder management, common grazing and others) will be delivered in advance and used for inception purposes. The report will serve as an instrument for better planning of the project activities and provide advice to decision makers at national, regional and local levels. The study will help to identify the ways of effective engagement and cooperation of the private sector in developing the partnership among various private actors operating in the field.

The sub-activities of under this component will include:

- 1.1 Selection of Consultants;
- 1.2 Research work;
- 1.3. Consultations and presentation of the results of the study.

Activity 2.

Development of local farmers' production capability through provision of agriculture extension services

An Agriculture Extension Center will be established within the Akhmeta Municipality (Gangeoba Office) with the objective of improving farmers' knowledge of modern farming practices, primarily in the areas of animal husbandry, animal health, field crop production, horticulture, mechanization, bio farm. It will also provide support to farmers in business management and in making applications to banks and financial institutions. Further, market information will be provided.

The extension services will be provided in partnership with Telavi and Kachreti VET Centers where UNDP has developed administrative and professional capacities. The extension services will be affiliated to the farmers association to be created and/or supported under the project with the intention is that, eventually, farmers' associations will take over delivery of extension.

Extension workers will form the backbone of the agriculture extension services. They will be selected and recruited by UNDP from amongst VET Center instructors, who have undergone training already provided by the UNDP in agriculture professions and also from sub-sectoral specialists. Lead farmers (extension agents) will be identified and will support extension provision and complement extension workers. These farmers will also provide demonstration farms.

Costs will be minimized through use of group training though, on occasions and to address particular needs, individual one-to-one support will be provided. Delivery will involve classroom training, field and demonstration days, innovation days, as well as group visits to the successful and problematic farms. Given the nature of the agricultural economy of the area, extension will focus on livestock. And, given the current and expected changes in the national food safety regulations, attention will be given to the



capacities of the farmers and farmers' associations to meet these regulations. Training in business topics will address accounting and taxation, and business planning.

The project will support improvement in the quality of the veterinary services to small farmers. Veterinary services will be provided to farmers through the extension centres in Telavi and, on occasions, Kachreti, working in conjunction with the State Veterinary Service's local units and with the dairy farmers' association. At the outset, the project will hire existing veterinary nurses and, if available, veterinary doctors. They will provide consultation services to farmers, as well as delivering a vaccination.

The Extension Center will support and reinforce functions of the newly appointed Agronomist in the municipality. The Center will be housed within the Akhmeta Municipality, and capacities and assets will be shared with the Agronomists office.

The sub-activities of under this component will include:

- 2.1 Staffing of the extension center: selection and training (if needed) of extension workers, retraining of the consultants;
- 2.2 Selection and training of veterinary nurses;
- 2.3 Provision of veterinary services to the local farms through regular and on-demand visits
- 2.4 Delivery of on-field group and individual consultation sessions;
- 2.5 Application of innovations in demonstration farms/spots.
- 2.6 Technical assistance to the municipality agronomist

Activity 3.

Increasing efficiency of the animal husbandry practice

Training in animal husbandry is already being provided with UNDP support at the vocational training centre in Telavi in Kakheti Region. Since there are already professional standards, teaching materials, and trained trainers, numbers of students can prospectively rapidly be increased. Support will also be provided on an outreach basis and, because of travel times, will be offered at designated times and days. This is designed to realise economies of scale and minimise travel costs. There will nonetheless be an emergency service available to farmers, with arrangements for emergency provision to be agreed with the State Veterinary Service after project mobilisation.

Due to limited human resources and technical equipment the local units of the National Service on Food Safety, Veterinary and Plant Protection are not capable to fully address the needs of local farmers. The project will support developing of capacities of the local units by provision of necessary technical assistance related to quality and sustainability of the services provided.

Improvement of quality of animal breeding is envisaged through artificial insemination which will be delivered by both the existing local service provider working on contract to the project, by the staff of Telavi VET Centre, and by the veterinary nurses being trained in the VET who, as part of the training, obtain skills in artificial insemination techniques and methods. A mobile artificial insemination team will be established to supplement that provided by the existing service provider.

Small grants (from 300 to 5,000 USD) will be provided to farmers for improvement of animal housing under the Fiduciary Fund. Farmers will be able to apply for this funding provided they make an in-kind or financial contribution to costs. Provision of materials for rehabilitation and, in some cases, for



construction of new animal housing will be supported through these grants. The funds will be disbursed based on competitive selection process by the Steering Committee.

The sub-activities under this component will include:

- 3.1 Provision of vocational training for local farmers
- 3.2 Developing capacities of the local units of the National Service on Food Safety, Veterinary and Plant Protection – provision of necessary equipment for laboratory and vaccines
- 3.3 Provision of artificial insemination services to local farmers
- 3.4 Provision of fiduciary funds for improvement of animal husbandry

Activity 4.

Creation and development of farmers associations

The project will support the establishment of new farmers' associations and the development of existing farmers associations and groups. In the case of new associations, membership will, of course, be entirely voluntary, with interested farmers encouraged to work together in informal 'initiative groups' until the point where they are ready to register as legal entities. Support will be given in respect of organizational structure, statute, action plans, and membership conditions and obligations. Further support will be provided on management, marketing and promotion; quality management, and food safety. Marketing strategies will be prepared and will, as one element, address common marketing strategies for the associations aimed at securing better prices for bulk sales.

The implementation of food safety laws is likely to have prejudicial effects on the ability of small farmers to send animals to slaughter because of slaughterhouses' likely minimum volumes. The associations (which would work on cooperative principles) would be designed to meet minimum volumes for slaughter, but also to secure better prices from wholesalers through delivery of larger numbers of animals. They would also aim to secure better input prices and would form a natural locus for group-based extension.

As an incentive, the farmers association will be prioritized when distributing small grants under the Fiduciary Fund. Furthermore, their engagement in the extension services will be encouraged to ensure longer term sustainability of the extension services.

Sub-activities will include:

- 4.1. Establishment of Farmers Associations.
- 4.2. Developing of self-organizing capacities of the farmers associations.
- 4.3. Developing and applying common marketing strategy.

Activity 5.

Development of a small dairy processing plant

Within the scope of the project, a small processing plant will be established to serve the milk producers and their associations in the Valley. This project component will build on the positive experience established with other mini-processing units associated with local VET centers under other UNDP projects, such as processing facility for fruits and vegetables at Kachreti VET Center, and milk processing facility at Gori University VET Center.



In both cases, micro processing facilities serve a dual function: they serve as the basis for vocational training of relevant agricultural processing professional profiles; and provide local population with an opportunity to add value to their primary production, and promote the placement of such production in more profitable markets. In such a way, the processing plant will represent a hub of dairy-related resources, activity and know-how for Valley-based dairy farmers, and will provide concrete incentives for further development of this economic activity in the area.

Within the context of the project, the dairy mini plant represents a key element in the supply chain that is being supported. For the widest circle of project beneficiaries, i.e. for animal holders in the Valley, both local and refugees, it will provide direct benefits in terms of income generation. First, they will be able to sell their production to the plant, and, second, they will be able to utilize the opportunity for adding value to their product through processing into cheese and through placing such processed products at higher-end markets of Tbilisi and beyond. Additionally, the plant will provide an employment opportunity for a few local residents.

The plant will be a contact point with a large number of farmers/animal holders in the Valley, and thus can be utilized for disseminating extension information and placement of extension and veterinary services. Finally, it will also serve as linkage between farmers, associations, and VET Center, providing both sides with an easy opportunity for exchange of information on relevant issues, identification of needs, facilitation of logistical arrangements, and development of other joint programs.

The first precondition for adding value to primary dairy production is the provision of food quality and safety assurance processes. The second one is know-how for processing raw milk into more valuable products with longer shelf-life, which can be then transported out of the local markets to the more remote, but more profitable ones.

Within the project, the services offered by the plant will thus represent one of the principal incentives to the beneficiaries, and will be available to all the residents of the Valley, both locals and refugees.

UNDP's partner for this component of Project activities is the Telavi VET Centre. As the result of previous collaboration with UNDP, the Centre possesses a solid base of professionals who can cover the vocational training, extension services, veterinary and food safety services, quality management and other advice to clients, as well as management function for the plant in the long term. This base of professionals will be further developed under the present project, as explained above. The income generated by the plant can be used to support the continued provision of such services to farmers, making the operation of the plant and of supporting services sustainable after the Project's completion. The project will give assistance to the Center in marketing the products, through development of local brand, packaging, and market access for the products.

Based on the experience of the Gori dairy plant, it is envisaged that the plant would generate enough income to become self-sustainable in medium term, and to support further production and advisory services attached to it. In this way, this resource will be permanently available to the population of the Valley, at commercial but affordable terms, and would need no further subsidy.

As in two instances listed above, the development of plant and supporting services will be paired with advice on marketing, and assistance in market placement of the products under a common brand. This brand can be extended to cover other products from the Valley that meet the similar quality and safety criteria, such as honey.



Sub-activities will include:

- 5.1. Feasibility study and business plan for the plant;
- 5.2. Adaptation of physical facilities and purchase of equipment;
- 5.3. Development of capacities for quality milk processing;
- 5.4. Development of marketing strategy and market access channels.

5. Management, Implementation and Coordination Arrangements

Joint programme development stage:

The transition from humanitarian assistance to local development, and consequently from UNHCR's to UNDP's leading role in the Valley has been thoroughly discussed and analyzed between the two agencies during the design stage (2009 - 2010). To operationalize it, a number of meetings and joint field visits have been conducted in the course of 2010, resulting in a Technical Workshop on the transition from humanitarian assistance to local development in Pankisi Valley on October 9, 2010, outlining the issues and details of the said transition. Each UN participating agency prioritised its activities classifying them into: i) activities which will be implemented through the **parallel fund** management option⁷; ii) activities which will be implemented through the **pool fund** management option⁸.

Programme implementation stage:

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

Coordination

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

⁷ In line with the Guidance Note on Joint Programming dated 19 December 2003, this fund management option is likely to be the most effective and efficient when the interventions of participating UN organizations are aimed at common results, but with different national, sub-national and/or international partners. Under this option, each organization manages its own activities within the common work plan and the related budget, whether from Regular or Other Resources.

⁸ This fund management option is likely to be the most effective and efficient when participating UN organizations work for common results with a common national or sub-national partner (e.g. Department, provincial office, NGO) and/or in a common geographical area. Under this option, participating UN organizations pool funds together to one UN organization, called the Managing Agent, chosen jointly by the participating UN organizations in consultation with the (sub-)national partner.

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

Joint Programme Coordinator

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

6. Monitoring, Evaluation and Reporting

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

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

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

The M&E Plan will represent a flexible document, which can be changed but with full understanding the reasons for the deviations. It will include a set of core indicators, as well as specify who is responsible for the overall implementation of the plan and who is responsible for achieving each goal and objective. This plan will also specify who is responsible to monitor the implementation of the plan and make decisions based on the results.

The M&E Plan will be put in place as soon as possible, i.e. developed and made operational immediately after the project starts its operations.

Monitoring



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

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

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

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

Evaluation

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

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

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

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

Reporting

The joint programme will have one consolidated report, which will be elaborated jointly by the participating agencies at the end of the implementation period. A common format for reporting based on key principles such as results-based annual reporting will be used by the participating agencies. The report will be shared with all relevant stakeholders through the established coordination mechanism.

UNDP and UNHCR as well as their national partners will share information and progress updates pertaining to the joint programme implementation, as well as undertake joint field visits, where appropriate.



Table 1: Results Framework

UNDAF Outcome 1: Reduced number of households living in poverty through the realization of the economic potential and provision of social welfare		Programme Specific Outcome: Sustainable inclusive mechanisms developed for local development in Pankisi Valley		Resource allocation and indicative time frame*				
JP Outputs (Give corresponding indicators and baselines)	Participating UN organization ^a	Participating UN organization corporate priority	Indicative activities for each Output	Q1/2	Q3/4	Q5/6	Q7/8	Total
<p>Output 1: Sustainable inclusive mechanisms created for local development in Pankisi Valley.</p> <p>1.1/No special study on agriculture in the Valley is performed / Development of the Study</p> <p>2.1/ No regular consultancy and information services are available for local farmers / # of farmers received consultations and services of extension center</p> <p>2.2/ No facilities and formats for initiation of innovative methods in farming are available in the area / # of innovations disseminated and applied by means of Extension Service provider.</p> <p>2.3/ No high quality regular veterinary services provided to local farmers / # of farmers received veterinary services</p> <p>3.1/ No high quality artificial insemination service provided in the area / # of farmers received artificial insemination services</p> <p>3.2/ No effective fodder and cowing practices applied in the area / # of farmers receiving consultancy and support in fodder and cowing management</p> <p>3.3/ No mutually beneficial and jointly implemented projects are implemented in the area by farmers / # of beneficiaries of fiduciary grants.</p> <p>3.4/ No institutional provider of standard based vocational training/retraining in agriculture exist / # of graduates from vocational training courses</p> <p>4.1/ Cooperation between farmers does not exist/ # of farmers joining the associations</p> <p>4.2/ Lack of awareness and knowledge of management of FAs / Improved knowledge of farmers in management of FAs</p> <p>4.3 No marketing support to the farmers from Valley / % of growth of farmers products' sales</p>	<p>UNDP, UNHCR</p>	<p>UNDP CP Outcome: 1.5. Equitable economic growth promoted through close cooperation with private sector entities within the overall framework of corporate social responsibility</p> <p>In line with UNHCR's 2011 strategy for local integration of Chechen refugees to strengthen community participation and self-management and improve self-sufficiency through income-generation activities</p>	<p>Activity 1: Agricultural Study Result: Study on agricultural potential of the Valley 1.1 Selection of Consultants; 1.2 Research work; 1.3 Discussions and presentation of the results of the study.</p> <p>Activity 2: Extension services Result: Capacities of farmers and efficiency of farming increased through extension and services 2.1 Staffing of the extension center: selection and training (if needed) of extension workers, retraining of the consultants; 2.2 Selection and training of veterinary nurses; 2.3 Provision of veterinary services to the local farms through regular and on-demand visits 2.4 Delivery of on-field group and individual consultation sessions; 2.5 Application of innovations in demonstration farms/spots. 2.6 Technical assistance to the municipality agronomist</p> <p>Activity 3: Animal husbandry Result: Efficiency of animal husbandry improved 3.1 Provision of vocational training for local farmers 3.2 Developing capacities of the local units of the National Service on Food Safety, Veterinary and Plant Protection – provision of necessary equipment for laboratory and vaccines 3.3 Provision of artificial insemination services to local farmers 3.4 Provision of fiduciary funds for improvement of animal husbandry</p> <p>Activity 4: Farmers association Result: Farmers' associations established 4.1 Formation of Farmers Associations and</p>	x	x	x	x	32,500
				x	x	x	x	153,000

5.1. Little quality processing capacity accessible to dairy farmers in the Valley		<p>4.1 Formation of Farmers Associations and 4.2 Developing of self-organizing capacities of the farmers associations. 4.3 Developing and applying common marketing strategy; 4.4 Support to implementation of joint projects and practice by initiative groups.</p> <p>Activity 5: Dairy plant Result: Dairy processing plant established</p> <p>5.1. Feasibility study and business plan for the plant; 5.2. Adaptation of physical facilities and purchase of equipment; 5.3. Development of capacities for quality milk processing; 5.4. Development of marketing strategy and market access channels.</p> <p>Activity 6: Management and M&E Result: Project effectively managed and monitored</p> <p>6.1 Hiring project staff 6.2/Setting up office in Pankisi 6.3 Implementing project activities per workplan</p>	x	x	x	12,054
UNDP (source: SDC)			x			183,770
UNHCR			x			159,776
Total						
Programme Cost **						390,600
Indirect Support Cost** (7%)						29,400
Programme Cost						186,000
Indirect Support Cost (7%)						14,000
Programme Cost						576,600
Indirect Support Cost						43,400
Gross total						620,000

*Resource allocation may be agreed at either output or indicative activity level.

** Please read the Explanatory Note on Harmonized Financial Reporting to Donors and its Annexes for guidance on how these terms should be interpreted



6. Management and Coordination Arrangements

The transition from humanitarian assistance to local development, and consequently from UNHCR's to UNDP's leading role in the Valley has been thoroughly discussed and analyzed between the two agencies during the design stage (2009 - 2010). To operationalize it, a number of meetings and joint field visits have been conducted in the course of 2010, resulting in a Technical Workshop on the transition from humanitarian assistance to local development in Pankisi Valley on October 9, 2010, outlining the issues and details of the said transition. Each UN participating agency prioritized its activities classifying them into activities which will be implemented through the pool fund management option.

The joint program coordination body (Steering Committee) will involve senior personnel of the two signatories to the joint program document and SDC one of the donor of the Joint Program. The Steering Committee (SC) will be responsible for overall coordination of the program and taking decisions on specific program implementation aspects, ensuring optimal transformation of inputs into outputs through appropriate monitoring and evaluation actions pertaining to the relevance, performance and progress towards intended outcome, facilitating the cooperation of the program with relevant partners, public and private, and ensuring continuous and effective communication between the program and its beneficiaries. The SC will meet regularly, on a quarterly basis, during the course of the program. Ad hoc meetings of the SC may be organized when and if required, at the request of any of its members at any time of the program implementation.

The project activities will be steered by the Steering Committee. The Committee will assume the roles of executive, senior supplier and senior user.

- UNDP will represent the Project Executive for this project, and will ensure effective and efficient use of available funds;
- UNHCR and UNDP will assume the role of the Senior Supplier and provide resources, skills and guidance to produce the project output.
- Akhmeta Municipality will be the Senior Beneficiary (user) of the project. The project would also benefit local units of the Ministry of Agriculture, created farmers associations and local community.

The Committee meetings will take place on a quarterly basis during the project implementation period. In addition, the Program Manager will report regularly on an informal basis to the Akhmeta Municipality Gamgeoba to ensure that there is full transparency and effective liaison between the project and the beneficiary. Informal monthly coordination meeting will be held by UNHCR and UNDP for sharing information on the progress of joint the Joint Program related activities and plans. The Program Manager will prepare brief information for UNDP and UNHCR. Other interested parties (donors and national partners representatives) may also be invited for this meetings.

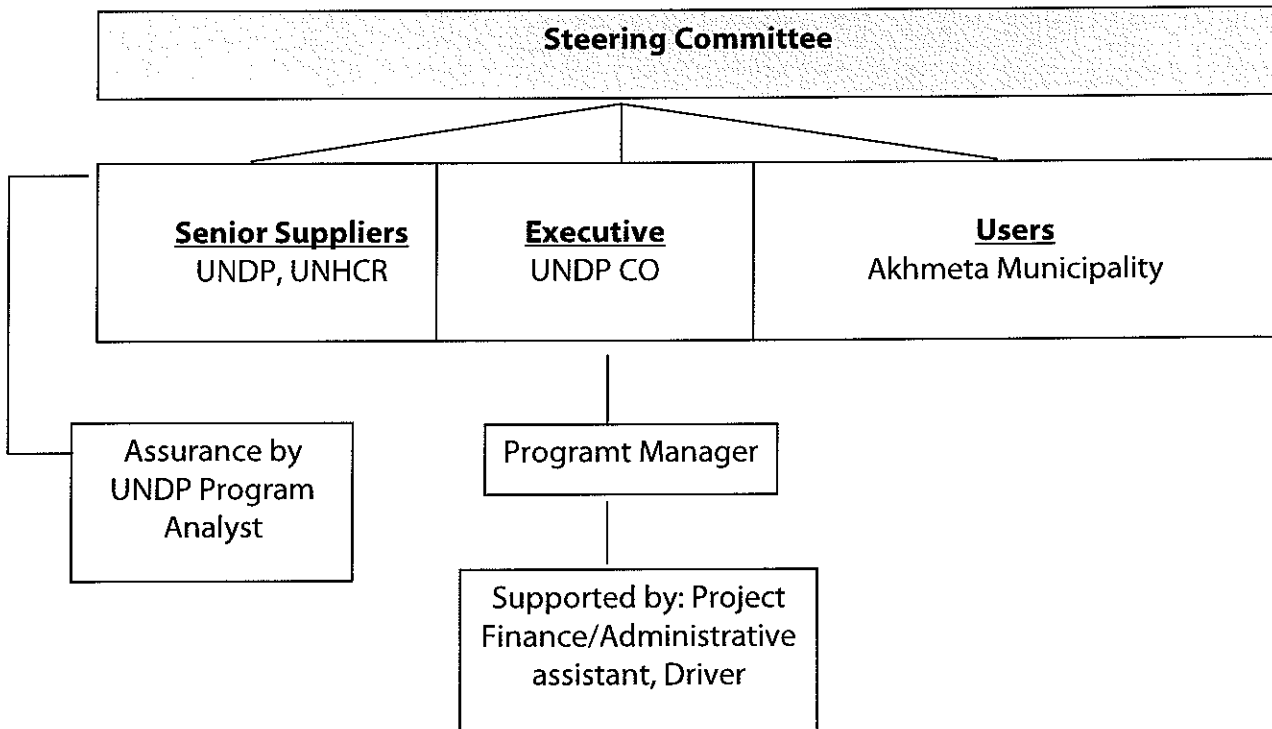
UNDP will assume the role of a Managing Agent. This involves UNDP taking full responsibility for the administration of the financial and human resources. The management of project funds will be carried out according to UNDP financial regulations in compliance with the Guidance Note on Joint Programming.

UNDP will ensure the project assurance at the mid-management level together with relevant program support staff.

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



Staffing. The project implementing staff will consist of a Programm Manager, Administrative and Finance Assistant, Driver. Business consultants for Agriculture Potential and Value Added Chains Gaps, feasibility studies and consultants for agriculture extension services will be recruited by the UNDP according to its regulation.



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

7. Fund Management Arrangements

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

The UNHCR and UNDP will contribute funds to this joint program in accordance with the budget in Appendix 1. UNDP (as a managing agent) will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received by it pursuant to the Memorandum of Understanding signed between UNDP and UNHCR. The Joint Program Account will be administered by UNDP in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest.

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

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

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

8. Monitoring, Evaluation and Reporting

Monitoring and Evaluation. The content of Table 2 "Joint Program Monitoring Framework (JPMF)" summarizes monitoring arrangements for the joint program, including monitoring activities that the participating UN organizations and/or national partners will undertake, the timing of such activities and the respective responsibilities.

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

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

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



Table 2: Joint Programme Monitoring Framework (JPMF)

Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of verification	Collection methods (with indicative time frame & frequency)	Responsibilities	Risks & assumptions
<p>Result 1: Study on agricultural potential of the Valley</p> <p>Result 2: Capacities of farmers and efficiency of farming increased through extension and services</p>	<p>1.1/ No special study on agriculture in the Valley is performed / Development of the Study</p> <p>2.1/ No regular consultancy and information services are available for local farmers / # of farmers received consultations and services of extension center</p> <p>2.2/ No facilities and formats for initiation of innovative methods in farming are available in the area / # of innovations disseminated and applied by means of Extension Service provider.</p> <p>2.3/ No high quality regular veterinary services provided to local farmers / # of farmers received veterinary services</p>	<p>1.1. Project records</p> <p>2.1. Project records, extension center's records</p> <p>2.2. Project records, extension center's records, best practice write-ups</p> <p>2.3. Project records, extension center's records, project publications, media</p> <p>2.4. Project records, extension center's records</p> <p>2.5. Project records, extension center's records</p>	<p>1. Regular collection of activity-level data by the project</p> <p>2. Project and contractors' records, reports to the Steering Committee</p>	<p>UNDP CO, Project team</p> <p>Project team</p>	<p>Farmers perceive benefits of improved farming practices, and are willing to invest part of the increased income into purchase of relevant products and services beyond the scope of the project.</p> <p>Appropriate cost/benefit ratio is established for the extension and veterinary services developed by the project. to make them affordable to the farmers without further subsidies.</p>
<p>Result 3: Efficiency of animal husbandry improved</p>	<p>3.1/ No high quality artificial insemination service provided in the area / # of farmers received artificial insemination services</p> <p>3.2/ No effective fodder and cowing practices applied in the area/ # of farmers receiving consultancy and support in fodder and cowing management</p> <p>3.3/ No mutually beneficial and jointly implemented projects are implemented in the area by farmers / # of beneficiaries of fiduciary grants.</p> <p>3.4/ No institutional provider of standard based vocational training/retraining in agriculture exist / # of graduates from vocational training courses</p>	<p>3.1. Project records, extension center's records, veterinary protocols</p> <p>3.2. Project documentation, including Steering Committee and procurement minutes, M&E records</p> <p>3.3. Project documentation, including Steering Committee and procurement minutes, M&E records</p> <p>3.4. VET Center's records, including training materials and curricula</p>	<p>3. Terminal project report</p>	<p>Project team</p>	<p>Sufficient human resources exist in the Valley to support these products and services.</p> <p>Sufficient interest from farmers for plant's services.</p> <p>Farmers are willing to change their traditional practices.</p>
<p>Result 4: Farmers' associations established</p>	<p>4.1/ Cooperation between farmers does not exist/ # of farmers joining the associations</p> <p>4.2/ Lack of awareness and knowledge of management of FAs / Improved knowledge of farmers in management of FAs</p> <p>4.3 No marketing support to the farmers from Valley / % of growth of farmers products' sales</p>	<p>4.1. Certificate of registration, governance documents</p> <p>4.2. Project records</p> <p>4.3. Association records</p>	<p>4. Media coverage, project team records, association's records</p>	<p>Project team</p>	<p>Farmers are willing to organize into an association.</p> <p>Public space for dairy plant is available, and ownership transferred to Telavi VET Center</p>
<p>Result 5: Dairy processing plant established</p>	<p>5.1. Little quality processing capacity accessible to dairy farmers in the Valley/ processing facility operational</p>	<p>5.1. Project records</p>			

9. Legal Context or Basis of Relationship

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

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

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

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

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



Appendix 1: Workplan and budget

The work plans will detail the activities to be carried out within the joint programme and the responsible implementing partners, timeframes and planned inputs from the participating UN organizations. The basis for all resource transfers to an implementing partner should be detailed in the work plans, agreed between the implementing partners and participating UN organizations. According to the Harmonized Approach to Cash Transfers (HACT), the work plan should be signed by the implementing partners receiving cash (except NGOs and CSOs). In case the implementation authority is delegated to a national/sub-national institution, the respective institution should be specified in the AWP. When partnering with NGOs CSOs, the participating UN organizations sign legal instruments in accordance with their procedures. Any additional management arrangements that may be set up by participating UN organizations to achieve results under their respective responsibility may be detailed in annexes as needed.

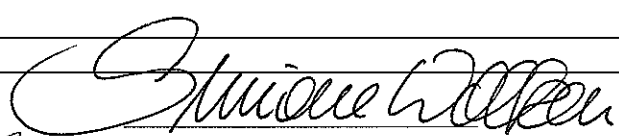
A revised work plan and budget will be produced subsequent to the decisions of the annual/regular reviews. The new workplan is approved in writing by the joint programme Steering Committee. The joint programme document need not be signed after each periodic review as long as there is written approval of it by all partners at, or following the annual/regular review. However, any substantive change in the joint programme scope or change in financial allocations will require revision of the joint programme document and signature of all parties involved.

The work plan should be attached as an Annex to the joint programme document and should follow the format represented in the table below.

Work Plan for: Integrated socio-economic development of Pankisi Valley Period Covered by the WP: 1-Feb-2011 to 31-Jan-2013 (24 months).

JP Outcome: Sustainable and inclusive mechanism for local development in Pankisi Valley developed															
UN organization-specific Annual targets	UN organization	Activities	TIME FRAME								Impl. Partner	PLANNED BUDGET			
			Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8		Source of Funds	Budget Description	Amount	
JP Output 1:															
Study of agricultural potential of the Valley	UNDP	Selection of consultants	x								UNDP	UNDP (SDC)		32,500	
		Research	x	x											
		Presentation of study		x											
Developing capacities of farmers and efficiency of farming through extension	UNDP	Staffing of extension centers	x												35,500
		Training of vet nurses		x	x										
		Provision of vet services to farmers		x	x	x	x	x	x						
		Consultation sessions		x	x	x	x	x	x						
		Innovation in demo farms		x	x			x	x						
Increased efficiency of animal husbandry	UNDP	TA to municipal agronomist		x	x			x	x					153,000	
		VET for farmers			x	x		x	x	x					
		Equipment and training for National Service	x	x				x	x	x					
		Artificial insemination			x	x		x	x						
Creation and development of farmers' association	UNDP	Fiduciary funds			x	x	x	x	x	x				12,054	
		Formation of FA	x	x											
		Capacity development			x	x			x	x					
		Marketing strategy		x	x	x	x	x	x	x					
Establishment of small dairy processing farm	UNDP	Joint projects		x	x	x	x	x	x		UNHCR	183,770			
		Adaptation of facilities, equipment		x	x	x									
Supporting services	UNDP	Supporting services		x	x	x	x	x	x	x	UNDP (SDC)	159,776			
		Project managed and monitored	x	x	x	x	x	x	x	x					
Total Net Budget												576,600			
Indirect Support Cost (7%)												43,400			
Total Gross Budget												620,000			
Including:	Total UNDP (source: SDC)											420,000			
	Total UNHCR											200,000			

Signatures¹⁰:

UN organization(s)	
_____ Jamie McGoldrick UNDP Resident Representative Date 23/2/2011	 _____ Simone Wolken UNHCR Representative Date 23/2/2011

