

ANNEX VI INTERIM NARRATIVE REPORT

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List of acronyms used in the report

ACDA	Agriculture Cooperatives Development Agency
CBO	Community Based Organization
DGRV	German Cooperative and Raiffeisen Confederation
EUD	EU Delegation to Georgia
FAQ	Frequently Asked Questions
GAARD	Georgian Alliance of Agriculture and Rural Development
GFA	Georgian Farmers Association
ISSET	International School of Economics at Tbilisi State University
M&E	Monitoring and Evaluation
RDA	Regional Development Association
RICC	Regional Information and Consultation Centre

1. Description

- 1.1. Name of Coordinator of the grant contract: CARE Austria
- 1.2. Name and title of the Contact person: Julia Weber
- 1.3. Name of Beneficiary(ies) and affiliated entity(ies) in the Action: Regional Development Association; ISET Policy Institute
- 1.4. Title of the Action: Cooperation for Rural Prosperity in Georgia
- 1.5. Contract number: 2013/331728
- 1.6. Start date and end date of the reporting period: 01/01/2014 – 30/09/2015
- 1.7. Target country(ies) or region(s): Georgia: 9 municipalities of Khobi, Abasha, Senaki and Martvili in Samegrelo; Ozurgeti, Lanchkhuti and Chokhatauri in Guria; and Lentekhi and Tsageri in Racha-Lechkhumi & Kvemo Svaneti region.¹
- 1.8. Final beneficiaries &/or target groups (if different) (including numbers of women and men):
Final beneficiaries: ~ 600 Farm households (~2,400 people; families of group members); more stable incomes and better support systems; ~ min. 30 agribusiness, credit, and marketing firms in target regions via business arrangements with groups; ~ 6,000 members of Georgian Farmers' Association; ~ 345,600 rural residents of 9 target districts will benefit from improved local economies.
Target groups: min. 30 business-oriented small farmers groups (~ 600 farmers; ~20 members/group) in 9 target municipalities; Georgian Farmers' Association.
- 1.9. Country(ies) in which the activities take place (if different from 1.7):

¹ Zugdidi municipality, initially part of the project target area, was replaced by Tsageri before starting project implementation, responding to the request from the EU Delegation. Lentekhi has been officially added to the project target area in July 2015. Martvili has been added in November 2015.

2. Assessment of implementation of Action activities

2.1. Executive summary of the Action

After the ENPARD Consortia and the Agricultural Cooperatives Development Agency (ACDA) made necessary adjustments and found the appropriate balance between coordination, establishment of synergies and effectiveness in the implementation, the cooperation among ENPARD agents has efficiently taken place, allowing maximizing the program's outcomes.

The initial change in project target area responding to the donor's request determined a change in the location of the main field office which would be placed in Samtredia instead of Poti in order to facilitate the communication with the Racha-Lechkhumi region. The location close to the field has been decisive in facilitating the contact with the main final beneficiaries, but at the same time, this location has challenged the recruitment process due to the difficulties for finding skilled personnel willing to be based in the field.

The community mobilisation and information campaigns are successfully implemented; so far 3,000 farmers from more than 200 villages attended the meetings. The project reinforced the lessons learnt about the importance of filters during the selection process and determined to undertake several grant competition rounds, in order to reach the targets regarding pre-selected (60) and selected farmers groups (43).

The capacity building of short-listed farmers groups has extended its scope in duration and in fields. Up to date, 86 farmers groups (at least 230 farmers) have improved their capacities on organizational development, business planning, technical aspects of production and processing, and grant application. 18 farmers groups, registered as agricultural cooperatives by the time the sub-grant agreements were signed, have been selected after a multi-stage competition and selection process to receive co-finance and technical support from the project. At the same time, the project team has facilitated the establishment of linkages between cooperatives, marketers, suppliers and the Georgian Farmers Association (GFA).

The project has established the tools for monitoring the progress of the cooperatives receiving financial and technical support (annual surveys for cooperatives and monthly monitoring surveys as well as direct beneficiary assessments). In order to support the Georgian Farmers Association a new strategic plan and a capacity building strategy have been elaborated. The pillars for ensuring GFA's organizational and financial sustainability have been placed and the GFA is ready to guarantee a proper representation of its members through the establishment of a general assembly and to offer services to improve the access of farmers and agricultural stakeholders to technical expertise, markets, supplies and relevant information. The GFA has gained a relevant role in farming and agricultural fora already acknowledged by the Georgian Government, which allows the GFA to advocate in policy making defending the rights and interests of farmers. GFA and CARE consortium as a whole have been actively involved in providing feedback to the ACDA regarding the amendments to the law on cooperatives. Thanks to the active involvement in advocacy for farmers, to the information spread in the target area through the mobilization team, and to an increased and improved presence in media, the GFA has increase the number of members in 87% since the beginning of the project.

The specific objective is that *business-oriented smallholder farmer groups within a sustainable support framework cooperate and compete well in markets.*

SO Indicator 1: At the end of the project, at least 30 business oriented smallholder farmer groups report increased net income as a result of improved cooperation (by 10% over the baseline compiled for selected 60 cooperatives, sex disaggregated).

At this moment it's already possible to report an increase in productivity in more than 70% in the 10 cooperatives selected in 2014. The measure of the net income will be available by the end of the fiscal year although more certainly the increase in productivity will be related to an increased net income.

SO Indicator 2: After year 3, Georgian Farmers Association (GFA) has improved its technical and management capacities and sustains provision of demand based services to its members.

The technical and managerial capacities of GFA have been improved based on the new strategic plan. The potential services to be provided by the GFA to its members have been identified. During year 3 the improvement of GFA capacities and the actual implementation of specific services will take place.

SO Indicator 3: At the end of the project, 80% of target smallholder farmers (group members) report improved policy environment, access to inputs and increased linkages to output markets (sex-disaggregated).

By the next reporting period it will be possible to measure the progress regarding this indicator, since currently only the baseline is available.

SO Indicator 4: At the end of the project, minimum 10 business oriented smallholder farmer groups (additional to the 30 of SO 1) are benefitting from new models of financing agricultural enterprise through recoverable grants and investor participation.

5 business plans out of the 10 selected in 2014 have been co-financed by funds raised by the project and contributed by a social investor.

2.2. Results and Activities

Assessment of the results

During the work with business-oriented farmers groups in the target area, the project has applied a scheme based on (1) community mobilization linked to an information and awareness campaign as well as (2) a multi-staged competition process involving capacity building. The scheme established for the 1st information campaign was very successful because it increased the awareness in the target population on the needs of cooperation among farmers and on the new law on agricultural cooperatives, as it was confirmed by the data on awareness on cooperatives (which reached 42% of surveyed target population). However, this success also meant the submission of business idea applications by newly formed – mostly artificial – farmers groups without a proper understanding of cooperation, which in many cases were pursuing governmental benefits or the access to co-finance from the project. Therefore, even though the number of applications received in the 1st competition was high enough to allow short-listing 60 farmers groups as it was established in the project proposal, the quality of applications (considering the viability of the business idea and the viability of the farmers group) didn't allow to pre-select such a number, which motivated the organization of new competition schemes, the improvement of existing filters during the short-listing process (as the field assessment) and the change in the information campaigns approach. The subsequent information campaigns were more tailored towards previously identified existing farmers groups, formal or informal, with high potential to transform into successful and sustainable business entities. Even with these variations and the logical delay in selection of cooperatives they meant, the target number of cooperatives will be reached in 2016. At the same time, throughout the different competition schemes, the number of short-listed cooperatives has increased and up to date 86 farmers groups and cooperatives (instead of 60) have been involved in capacity building processes organized by the project.

The need of supporting the agricultural cooperative movement in alignment with the Georgian Government – due to the recently approved law on cooperatives and the expected difficulties in its implementation because of the Georgian previous experience in collective farming during soviet times – the close cooperation with the ACDA and the fact that only agricultural cooperatives can perceive grants without being taxed inclined the CARE consortium to require the registration as agricultural cooperatives of all the farmers groups selected to receive support. Therefore, the project's task to test and validate different models of cooperation among farmers won't be focused on the different ways of formalization of the farmers groups as legal entities, but on testing different models of cooperation based on different value chains and on different stages of the same value chain (production – processing - marketing). The diversity of value chains is already clear and among the 18 cooperatives selected during the reporting period there are 13 different value chains. This variety is a challenge in

the provision of adequate tailored assistance to the cooperatives, but at the same time these cooperatives will serve as model for other cooperatives in the same value chain in the country.

The number of members of the farmers groups applying in the competitions organized by the project was lower than foreseen in the project proposal, which to a large extent is related to the requirements in the law on cooperatives on the minimum number of members (5 in lowlands and 3 in mountainous areas). The improved understanding of cooperation through the information and coaching provided by the project team, the consolidation of the cooperatives already supported by the project and the addition of a factor for limiting the grant amount per cooperative member during the assessment of applications, have allowed a gradual increase in the number of members in the cooperatives selected for support (from less than 6 members in average per cooperative to almost 10). Instead of enforcing a specific number of members in the cooperatives closer to the target, the project will continue applying the mentioned measures to ensure the increase in the number of beneficiaries.

The support to the cooperatives selected within the project is not limited to technical assistance on agricultural issues, and the project tries to adapt to the specific needs from beneficiaries. Accounting and taxation, the new regulations on food safety – many of them derived from the Association Agreement and Deep and Comprehensive Free Trade Area between Georgia and the EU – or the adaptation to the amendments on the law on cooperatives are sectors requiring additional support and resources from the project. All the expertise contracted and generated for supporting cooperatives will be then linked to GFA and to the services GFA will broker to its members. The facilitation of networking among beneficiaries and other stakeholders with a particular focus on ensuring an improved access to markets has proven to be an essential measure towards business sustainability. This aim is behind the new project support to the participation of cooperatives in exhibitions and fairs; but besides, the project has been supporting the beneficiaries in meeting supermarket and hotel chains for offering the provision of their products. The establishment of market linkages is still limited given that most the cooperatives selected by the project are in the initial stages of business plan implementation. As it's foreseen, the agricultural technical assistance to beneficiaries will be gradually less intense while the assistance on marketing issues will increase its relevance. In any case, throughout project implementation, the cooperatives will be coached in assessing their needs and in getting the required support through their own resources. The access to potential investors will be focused on during the initial stage of the next reporting period, and the interactive system for facilitating the contact between cooperatives and investors will be established by 2016.

The 2nd main target group/beneficiary of the project, the GFA, has been the object of several supporting measures: the development of a strategic plan and a capacity building strategy, the involvement of GFA representatives in capacity building and networking processes, the reinforcement of the GFA staff structure, and the development of tools for communication with its members, among others. In overall, most targets related to the GFA will be reached by the 2nd half of the project implementation. One main constraint is related to the duality of this association as an advocate and as a provider of specific services to farmers. Although the strategic plan has given priority to the advocacy role, the provision of services for a fee or the introduction of a membership fee for farmers members seem essential for guaranteeing GFA's financial sustainability. The CARE consortium and GFA are very cautious in the implementation of these measures due to the reluctance of members to pay a fee for the membership till the benefits of belonging to the association are proven. GFA with the support from the project has put most efforts in being acknowledged by Georgian farmers as their main representative in the dialogues for policy making with the government. The transition from being exclusively an advocate for farmers to becoming also a provider of services will take place gradually to avoid a misconception of the process or GFA as a whole among its members. At this moment, some of the services provided by GFA such as the information on market prices – analyzed and delivered by ISET – and the linkages with suppliers and marketers are being done through GFA's call center and media (facebook and website) without any cost for GFA members. The recruitment of a data analyst and legal consultant, although not foreseen in the project proposal, has meant a qualitative improvement in GFA's advocacy capacities. This reinforced the support from ISET in the development of evidences for policy making. The influence of GFA in the regulatory framework for

cooperatives and farmers in general is already established and the Georgian Government and other main stakeholders in agriculture are counting on the GFA for every policy fora related to farmers and cooperatives.

A.0 Inception Activities

The project office in Samtredia and the field office in Ozurgeti are fully operational since March 2014. The first three months of the project were required for renovation of the working space and for procurement of office equipment, which took time due to the difficulties in complying with the rule of origin. The staff recruitment was initiated before the project started and the project director and other team members from RDA and ISET have been engaged in the project since January 2014; however, the recruitment of the full team was completed in April 2014. The sub-grant agreements with the consortium partners and with GFA (organizational development grant) were signed in February 2014. Also in February and March 2014 initial meetings in each target municipality with the participation of the local government and information and consultation centers were organized. The internal start-up workshop and the M&E workshop took place in February 2014. The signing ceremony wasn't organized at the same time as the start-up workshop like it was foreseen in the project proposal given that the ENPARD Communications Unit had planned a joint signing ceremony which took place on 11th March, 2014. The project proposal was translated into Georgian and shared with the team. The baseline survey was started in the field in June 2014 because of the attempts to coordinate among the ENPARD consortia for the development of a joint questionnaire (see the Baseline Assessment report on Annex 2).

Expected Result 1: Business-oriented smallholder farmer groups (cooperatives or equivalent) are operational and sustainable

Indicator 1.1 After year 3, members of at least 30 business oriented smallholder farmer groups report increased productivity by 20% over the baseline.

By the end of the reporting period, 18 business oriented smallholder farmer groups have been selected to receive financial and technical support from the project. The 10 cooperatives selected in 2014 have experienced an average increase in production of 76%.

Indicator 1.2 After year 3, at least 20 business oriented smallholder farmer groups are repaying revolving funds as per repayment schedule.

The repayment of funds by the first cooperatives selected to receive support from the project will start in March 2016. The target value of repayment by 20 cooperatives will be reached by mid 2017.

Indicator 1.3 At the end of the project, at least 43 business oriented smallholder farmer groups are applying their business plans and generating revenues for their members.

The 18 business oriented smallholder farmer groups selected during the reporting period are implementing their business plans and in the case of the beneficiaries selected in 2014, already generating revenue for their members.

Indicator 1.4 At the end of the project, the number of women smallholder farmers counted as cooperative members exceeds 30% amongst grantees.

Among the 18 cooperatives selected to receive support from the project during the reporting period the percentage of women members reaches 37%.

A.1.1 Inform farmers in target municipalities on legal factors, benefits and risks of cooperation, and models of success, coordinating with local authorities and extension agents.

Farmers have been informed through 3 information campaigns linked to the 3 competition schemes that have taken place during the reporting period. Prior to every campaign, the project team together

with representatives from the Regional Information and Consultation Centers (RICCs) held meetings with representatives from municipal and regional governments from the target area, in order to inform about the project, the following steps and in the case of the 2nd and 3rd competition about the results of previous competitions.

The information campaigns have evolved taking into account the increased awareness in the target area about the project itself, about cooperation among farmers and the Georgian law on cooperatives. Therefore, in the 1st information campaign different local and regional media were used (Guria News, newspaper for Guria region; and Atinati Radio, for Samegrelo region). 1 meeting in each one of the 44 clusters identified in the project target area was conducted (in average, 6 meetings per municipality). In the following information campaigns, the project targeted the farmers groups already operating in the target area, instead of undertaking massive informational meetings addressed to the general public. Therefore, formal and informal farmers groups, including all the newly registered agricultural cooperatives were identified, and a database of potential interested farmers groups was created prior to launching the campaign and competition scheme. The RICCs have been a main source of information in the identification of farmers groups. The farmers groups and cooperatives included in the database were contacted directly by the project team during the 2nd and 3rd information campaigns. In the 2nd information campaign, 66 farmers groups had been identified, and 12 informational meetings took place in 8 municipalities (a new municipality, Lentekhi had been already added to the project target area). In the 3rd information campaign 40 farmers groups had been identified, and 14 meetings took place.

The information to farmers is an ongoing process, and besides the meetings organized in the frame of the competition, the cooperative mobilizers are continuously meeting farmers and farmers groups/cooperatives in the target area to inform them about the benefits and challenges of cooperation. The more consolidated farmers groups which show interest in a potential participation in the competitions organized by the project are compiled in a database used as main reference in subsequent information campaigns.

As a general practice, the main information about each competition scheme and the schedule for the informational meetings was shared with the municipal government and RICCs and displayed at informational boards in administration buildings, and local government, partners and ENPARD websites, in order to make sure the information was reaching all the interested farmers.

Throughout all the meetings organized in the frame of the information campaigns, information about the Georgian Farmers Association (GFA) and the forms for subscription to the association were delivered. Besides that, the FAQ were regularly collected in order to improve the messages delivered in subsequent meetings. These FAQs constituted a main reference in the joint work with the ENPARD Consortia and the Agricultural Cooperatives Development Agency (ACDA) for the elaboration of the brochure on FAQ for agricultural cooperatives.

A.1.2. Solicit business ideas from interested farmer groups; short-list 60 groups.

The mobilization team conducted meetings specifically addressed to farmers groups which had shown interest in applying for project support. During these meetings, the farmers groups received in-depth explanations about cooperation and all the aspects concerning the law on agricultural cooperatives. Although the project proposal doesn't limit the scope of work regarding the legal entity of business-oriented farmers groups, due to the close cooperation with the ACDA and the fact that under the Georgian legislation agricultural cooperatives are the only business-oriented entities able to perceive taxed-exempted grants, it was decided that the farmers groups selected to receive financial support from the project should get registered as agricultural cooperatives. Therefore, and given the limitations established by the law on agricultural cooperatives, up to now the project has supported exclusively farming/agricultural activities. Non-farm business and sector-wide support through sectoral associations are still being considered for further stages of project implementation.

The competition process, the business idea application form (see Annex 4) and the selection criteria were shared with farmers and explained in detail. Different aspects related to production, access to market, the association between farmers' and the specific business idea were part of in-depth discussions.

	1 st Competition	2 nd Competition	3 rd Competition
Meetings A.1.1.	44	12	7
Meetings A.1.2	44	32	7
Participants in the meetings⁽ⁱ⁾	2,406	454	256
Percentage of women	20.7%	19%	15%
Period of application	17 th March – 25 th April, 2014	17 th November - 29 th December, 2014	23 rd June – 31 st July, 2015
Applications received	105	66	35
Applications short-listed	29	36 (+6)	21 (+3)

(i) This data doesn't include the calls and visits from farmers to the field office

Criteria for evaluation and selection of business ideas:

- 43 points out of 100 specifically addressed to business-related information: financial projection, business sustainability, risks, etc.
- 16 out of 100 points addressed to women participation and social impact
- 10 points out of 100 addressed to the description of the business idea
- 31 out of 100 points addressed to organizational issues: decision making, tasks and responsibilities of group members, number of members, previous joint experience, etc.

The application form has been improved taking into account the lessons learnt during the 1st competition, with regard to the phrasing of some questions and the increased importance (and therefore higher scores) of criteria related to the size of the farmers group and the previous joint experience in the field of the business idea. Although the invitation to informational meetings in the frame of this activity and the selection criteria have prioritized the farmers groups with previous joint experience the participation of newly formed farmers groups and start-ups has been possible and at the end has shown the potential of keeping a flexible approach. In fact, 5 out of 18 cooperatives selected for support are start-ups. In every case the team would assess the degree of consolidation and the organizational aspects of the newly formed farmers group.

Selection Committee for business idea competition:

The selection committee was formed in the field by representatives from the 3 partner organizations. In order to ensure the quality of the selection process, a 2nd selection committee based in Tbilisi was established with representatives from the partner organizations. Whenever there was a discrepancy between the scoring from both selection committees the case was studied in detail till reaching consensus. Every application was assessed following the scoring system. In overall, the main reasons for rejecting applications are i) the information provided wasn't enough to assess the feasibility of the business idea or group, ii) the idea didn't have a clear business-oriented approach, iii) the information provided (production, markets, etc.) was inaccurate, iv) the reasons for cooperation were not properly established. Given the complexity and specifically the time consumption of the selection process, the participation of representatives from other institutions hasn't been considered during the business idea selection.

In average, the participation of women during the different meetings organized in the frame of activities A.1.1. and A.1.2. was close to 20%. In order to guarantee the information would reach a higher number of women, several meetings were held in schools due to the fact that most teachers are women, they are usually engaged in agricultural activities (as complementary household activity) and they have a close contact with other women in their communities. Although this system showed to be effective in increasing the participation of women during the information campaigns, it's uncertain that this relatively higher female participation would relate to a higher number of women in the farmers groups applying for project support. However, the inclusion of women as one of the selection criteria for business ideas has proven to be a very efficient system to guarantee a higher representation of women in the selected farmers groups.

The activity 1.2. was initially planned to take place only once during the 1st semester of the project implementation. However, the quality of the applications and the shallow understanding of farmers cooperatives by a high percentage of applicants forced us to pre-select a reduced amount of business ideas (29 instead of 60, out of 105 applications received). Given that the pre-selection of applicants is a cornerstone in the project implementation, and in order to give priority to the quality of applications, the approach was adapted and it was decided to organize as many competition schemes as necessary to reach the target number of pre-selected (60) and selected (43) farmers groups. Therefore, after the 1st competition, 2 more competitions took place during the reporting period, and a new competition is being planned for the upcoming reporting period. The new competitions were then linked to the planned information campaigns (A.1.1). Instead of organizing formal workshops numerous collective informational meetings and group-based consultation meetings have been organized in order to ensure a proper follow up of interested farmers groups.

Before starting the information campaign for the 2nd competition in November 2014, the addition of Lentekhi municipality (Racha-Lechkhumi & Kvemo Svaneti Region) to the project target area has been requested, which had an initial positive answer from the EU and was subsequently confirmed in July 2015.

A.1.3. Carry out baseline assessments of 60 short-listed farmer groups.

The questionnaires for the baseline assessments have been developed by the ENPARD consortia through the M&E Working Group, coordinated by ISET. The 4 ENPARD consortia agreed to use the same survey to assess the selected farmers groups (Annex 6). These surveys have a common section for the whole ENPARD area, while each consortium has added questions related to the specificities of each project. The information collected through these questionnaires will be compiled by each consortium and sent to ISET. ISET therefore is a control point of the data, guaranteeing the consistency and quality of the information collected. Besides this function, ISET will develop reports with the main findings from the whole ENPARD target area using the data from the 4 consortia. The role of ISET as coordinator of the M&E Working Group and its analysis of information from all the consortia was communicated to the EU, and the added workload for the ISET team was the reason behind the request to increase the budget lines for the Field Research Coordinator and Field Research Assistant.

During the reporting period, the cooperative-level questionnaires have been carried out with the 10 cooperatives selected in the 1st competition scheme. Besides the cooperative-level questionnaire which will be conducted on an annual basis, direct beneficiary questionnaires (Annex 7) have been developed. The direct beneficiary questionnaires are used twice: at the moment the cooperative is selected to receive support from the project and at the end of the project. Due to the increased number of members in the cooperatives selected in the subsequent competition, and the proven complexity of some questions from the questionnaire, the M&E Working Group initiated a revision process in order to simplify the direct beneficiary questionnaire.

Because of the high number of short-listed farmers groups in the whole ENPARD area and the sensitiveness of conducting surveys with non-selected farmers groups, the M&E Working Group decided to do the survey only with selected farmers groups. ISET is currently designing a research tool that will allow the comparison between selected and non-selected farmers groups in the whole ENPARD area².

In order to maintain the consistency of the data collected through the cooperative-level surveys, it was agreed by the ENPARD consortia represented in the M&E Working Group to define the survey periods and the corresponding reporting periods. Therefore, the period for the 1st annual survey is from the end of 2014 till October 2015, and the data will correspond to 2014. The 2nd annual survey will take place from March to April 2016 while the data correspond to the reporting period 2015.

The tools designed by the M&E Working Group have been presented and shared with the ACDA in order to facilitate the elaboration of similar tools for assessing and monitoring all registered agricultural cooperatives. The M&E Working Group worked on establishing common indicators and a methodology for the project baselines for the 4 consortia; however given the differences in the budget allocation and approaches, it wasn't possible to reach an agreement before conducting the assessments. Nevertheless, ISET has compiled the information from the baseline assessments conducted by the 4 consortia and elaborated a report with the main findings within the whole ENPARD target area (see Annex 3). This report has been presented to the ACDA and other stakeholders in January 2015.

A.1.4. Build capacity of 60 farmer groups to develop business plans and governance structure.

Based on the lessons learnt during the competition schemes the training and capacity building processes have been extended and the methodology improved.

	1st Competition	2nd Competition	3rd Competition
Field Assessment	Half day	Half day	Half day
Grant application and fundraising	-	-	Half day
Business Planning	2 Days	3 Days	3 Days
Organizational Development for Cooperatives	2 Days	2 Days	2 Days
Technical (agricultural) workshops	-	1 Day	1 Day
TOTAL	4 days and a half	6 days and a half	7 days

The field assessment shall be considered as part of the capacity building process but also as integral part of the business idea pre-selection (A.1.2). The short-listed business ideas are assessed in the field by the mobilization team and the technical support network coordinator. The objectives of the field assessment are i) to determine the feasibility of the business idea from an agricultural and technical point of view, ii) to check the awareness of the members about the business idea and the reasons for cooperation and iii) to provide technical recommendations to be considered during the elaboration of the business plan. Whenever the aspects i) and ii) receive a poor assessment, the applicant drops out of the competition.

The trainings on “Business Planning” and “Organizational Development for Agricultural Cooperatives” are being delivered by the Center for Training and Consultancy (CTC). CTC is an

² A draft proposal of this research tool has been already sent to the EUD and there was an initial positive feedback (October, 2015).

institution with experience in the provision of trainings to farmers groups and in the implementation of projects supporting the establishment of farmers' cooperatives. The curriculum was designed by CTC based on the requirements and ToR of the CARE consortium. The training on "Business Planning" follows the structure and main contents of the business plan application form.

The main subjects in the "Business Planning" training are

- Business vision and market position: target product and customer, selling price, sales predictions, competition and description of the competitors, marketing activities and distribution;
- Production plan: schedule for the preliminary work activity and procurement plan, production/service schedule, technological map, raw materials and supplies;
- Business sustainability: justifications for business sustainability, long-term objectives of cooperative and profit margins;
- Financial plan and investment assessment: definition of financial terms, income statement, cash flow, balance sheet, budget, cost analysis and profit margin.

The main subjects in "Organizational Development for Agricultural Cooperatives" training are

- Agricultural cooperative: definition of cooperative, basic principles of cooperation, types of cooperation;
- Cooperation forms of organization: common use of resources, organizational development for informal and formal groups, strategy and structure of organization;
- Organizational structure of cooperative: forming organizational structure by distributing the roles and responsibilities, positions, coordination among positions and members;
- Organizational behaviour: management style, managing conflicts in organization, shared responsibilities of group members, common objectives;
- Working process in a cooperative: analysis of processes and operations, options for improvements;
- Long-term vision and strategy: vision and mission of cooperative members, strategic planning, SWOT analysis, preparing the strategy of cooperative.

The curriculum and typology of the capacity building for short-listed farmers groups has been improved following the lessons learned throughout the consecutive competition schemes. Therefore, after the 1st competition it was clear that the applicants' capacities on business planning and agricultural techniques needed extensive support. For this reason, the business planning training has been extended up to 3 days and sector-based technical workshops have been added to the capacity building process. The active involvement of the project team during the delivery of the trainings is allowing a better response to the applicants' most common queries and concerns and an improved follow up, selection process and subsequent assistance from the project side.

The preparation of the technical workshops has been done by the technical support network coordinator and the market links development coordinator in cooperation with the mobilization team. Experts in different agricultural fields have been contacted by the project team and are currently members of an expert database developed for guaranteeing the best possible assistance to farmers groups and cooperatives. The project has prioritized the involvement of local experts located in the project target area in order to facilitate the contact between the experts and the farmers groups and the continuation of this support after the end of the project. The technical workshops are addressed to improve the knowledge of applicants regarding the specific technological maps and aspects related to the proper care of crops/livestock. Food safety, hygienic conditions and quality standards are also main topics in the technical workshops.

The grant application and fundraising training is delivered by the institutional development coordinator from RDA. This training was added in order to improve the applicants' capacities to fill out the applications: keeping consistency of information, providing all the information requested, structuring the text and ideas in an appropriate manner, etc.

	Training	Dates	Venue	Participants	% Women	
1st Competition	5x business planning (2 days)	2 nd -3 rd July, 2014	Senaki	92 farmers (+ 6 members from RICCs)	29%	
		7 th -8 th July, 2014	Abasha Tsageri			
		14 th -15 th July, 2014	Lanchkhuti Ozurgeti			
	5x organizational development (2 days)	10 th -11 th July, 2014	Senaki	82 farmers (+ 6 members from RICCs)	25%	
		17 th -18 th July, 2014	Abasha Tsageri			
		21 st -22 nd July, 2014	Lanchkhuti Ozurgeti			
2nd Competition	6x business planning (3 days)	11 th -13 th March, 2015	Senaki	82 farmers (+ 2 members from RICCs)	22%	
		16 th -18 th March, 2015	Kutaisi Lanchkhuti			
		25 th -27 th March, 2015	Ozurgeti Tsageri			
		1 st -3 rd April, 2015	Tsageri			
	6x organizational development (2 days)	9 th -10 th March, 2015	Kutaisi	86 farmers (+ 2 members from RICCs)	16%	
		19 th -20 th March, 2015	Senaki Ozurgeti			
		23 rd -24 th March, 2015	Lanchkhuti Tsageri			
		30 th -31 st March, 2015	Tsageri			
	9x technical workshops (1 day)	30th April-15 th May, 2015	Samtredia ⁽ⁱ⁾	50 farmers	10%	
	3rd Competition	3x grant application and fundraising (half day)	24 th -25 th September, 2015	Samtredia	37 farmers	19%
		3x business planning (3 days)	Next reporting period			
		3x organizational development (2days)	Next reporting period			
8x technical workshops (1 day)		Next reporting period				

(i) One of the technical workshops took place in Tsageri and another one in Lanchkhuti

At least 3 representatives of each short-listed farmers group have participated in the trainings. The project has encouraged the participation of women members of the farmers groups in the trainings; however the decision about who should participate relied on the applicants. The trainings have been organized in different locations within the project target area, taking into consideration the

distribution of applicants. Therefore, in overall, there would be at least 1 training group in Guria region, 1 in Samegrelo region and 1 either in Racha-Lechkhumi Region or in Kutaisi town (conveniently located for applicants from Tsageri and Abasha or Senaki). In order to make the process shorter, and considering the big number of participants (and limiting the maximum number of participants per training group to 20 to ensure an effective delivery of trainings), in several occasions these trainings took place simultaneously in 2 different locations.

The RICCs from the project target area have been invited to participate in these trainings and capacity building activities. In most trainings, particularly during the 1st competition, there was at least 1 representative from each municipal office.

A.1.5. Select and train up to 20 farmer groups for initial support; sign repayable grant agreements.

To select the farmers groups to receive repayable grants, the project developed an application form (Business Plan Application Form – Annex 5) which includes the necessary information to assess the business and farmers group's viability in the medium and long term. The main criteria in this form are similar to the ones for the business idea but applied more rigorously. This application requires an in-depth degree of knowledge of the specific business activity and of organizational aspects related to the cooperation within the farmers group.

After the training for short-listed applicants and before the deadline for submission of business plans applications, the project organized so called "Open Days" for solving the doubts from applicants and for providing again detailed explanation about the application form and the requirements for the application. In some Open Days the project counted on the participation of a representative from the ACDA in order to clarify the questions related to the law on cooperatives.

Criteria:

- 15 points out of 100 regarding the experience of the groups and its members and current situation of the business
- 26 points addressed to business vision, market position and business sustainability
- 10 points addressed to selling and marketing activities
- 19 points related to production plan
- 30 points for financial plan

Furthermore, each section of the business plan has to integrate information regarding the benefits and challenges derived from the cooperation among the members of the group. As in the business idea competition, a contribution of at least 40% of the total resources needed for implementing the business plan is a main requirement for applicants; from which at least half should be cash contribution while the rest can be in-kind. Other requirements are based on the current Georgian Law on Agricultural Cooperatives and are referred for instance to the minimum number of members of the farmers groups (5 in lowland and 3 in mountainous regions). Also, only producer farmers groups and processors with enough own production are considered as eligible due to the limitations established by the above mentioned law³.

As in the business idea, the number of members of the farmers group and the percentage of women is a criteria considered in the selection process. During the 2nd competition, the criterion used instead of the number of members was the proportion between the number of members and the contribution requested from the project, so only the groups with a relatively higher number of members would be able to request the maximum contribution amount allowed by the project.

³ Regarding the limitations in the current law on agricultural cooperatives it has to be highlighted that service cooperatives can't be registered as agricultural cooperatives. Also, in the case of processing cooperatives, the raw production to be processed by the cooperative should come mostly from the members.

Selection Committee:

For the final selection of farmers groups, the project counts on representatives from the 3 partner organizations, both based in the field and in headquarters, specifically:

- Market Links Development Coordinator (CARE)
- Technical Support Network Coordinator (CARE)
- Cooperative Development Coordinator (RDA)
- Senior Research Associate (ISET)
- CARE Mission Director

Other members of the committee are: representatives from other projects addressed to support agricultural cooperatives (RDA), and external experts on business planning and feasibility analysis. Additionally, the committee requested support from other agricultural experts whenever deemed necessary.

Selection process:

Every business plan is jointly assessed by the selection committee using the scoring system established in the application and beforehand known by applicants. The selection committee has established the threshold for selection on 80 points (out of 100). The applications scoring between 60 and 80 points are given recommendations for improvement, and have to apply again in a short period of time with improved business plans within the same competition scheme. The applicants scoring between 40 and 60 points also get recommendations from the selection committee and have the chance to work on the suggested improvements and apply in the next competition scheme directly in the business plan stage competition (without passing through the business idea stage). At the same time, those applications scoring between 60 and 80 and not able to make the improvements needed to reach the 80 points threshold, will also be invited to participate in the next competition scheme (business plan stage). All applicants recovered from previous competitions will have the chance to participate in the trainings organized for short-listed applicants in the next competitions.

Given that the number of short-listed farmers groups which have been initially pre-selected was substantially lower than foreseen in the project proposal (29 instead of 60) the number of selected farmers groups was also reduced demanding the increase in the number of competitions.

	1st competition	2nd competition	3rd competition
Applications received	105	66	35
Applications short-listed	29	36	21
Recovered from previous competitions		6	3
Selected	10	8 ⁽ⁱ⁾	Next reporting period

(i) There are 2 more cooperatives already selected within the 2nd competition scheme but currently considered on reserve till some issues related to land registration get completely solved.

18 farmers groups have been selected through the 2 competitions completed during the reporting period (see Annex 1). A specific sub-grant agreement format has been designed by the project, taking into consideration the compliance with the project and donor requirements. The agreement is made according to the approved business plan and in fact, the business plan itself is an integral part of the agreement. There are specific sections addressed to the project contribution, farmers groups contribution, the procurement schedule, the production plan and the schedule for repaying the goods received from the project. The farmers groups selected to receive support from the project shall get registered as agricultural cooperatives before signing the agreement. The re-payment schedule - including amounts and frequency of payments - is based on the schedule proposed by the farmers groups in their application. As a general rule, every applicant starts re-paying 18 months after starting business implementation. The average repayment period is 3-4 years.

To ensure the most effective use of project funds and to avoid potential problems regarding the compliance with EU procurement rules (particularly regarding the rejection of invoices including VAT) the project decided to procure the required goods. The selection of vendors and goods is made following EU and CARE procurement rules, taking into account the recommendations from technical experts and also, to the extent possible, the preferences from the applicants. In most cases the vendor belongs to the project target area. The providers of agricultural equipments are considered as another beneficiary group of the Action. The proper fulfilment of all conditions in the agreement - including the applicant's contribution and repayment - are required for transferring the property of the goods contributed by the project to the applicant.

The fluctuation in the exchange rate between US Dollar – Lari has been a challenge in the sub-granting process, since in many occasions it meant a sudden increase in the budget necessary to realise the business plans. Whenever this situation occurred, the case was studied individually and if necessary both the project and the beneficiary would agree on a certain increase of their contribution in order to compensate the higher prices of goods required for business implementation.

Organizational development, compliance with the law on agricultural cooperatives and different regulations, and accounting are the main training needs for the selected farmers groups. The 10 farmers groups selected within the 1st competition scheme have received training on:

- Advanced Organizational Development for Agricultural Cooperatives (1.5 days), including the following subjects i) professional administration (system model: provision of raw materials / supplies, increasing production capacities, managing ongoing process in cooperative, organizing selling by using various selling techniques; ii) power and delegation (governance and management of cooperative, leadership, leader and leader's skills, team working); iii) defining personal role in group, leadership types, iv) protocols (concluding goods/service contract, preparing purchase act, act of goods delivery, act of damage /loss, inventory act, etc.)
- Accounting and Taxation for Agricultural Cooperatives (2 days), including the following subjects i) definition of accounting (assets, liabilities, capital, income expenditure and profit); ii) financial reports (balance sheet and cash flow, profit and loss budget); iii) registering business activity (principles of accounting, registration procedures in accounting book, close the accounts); iv) taxes (profit tax, value-added tax, income tax, property tax).

	Training	Dates	Venue	Participants	% Women
1st Competition	2x advanced organizational development (1.5 days)	18 th -19 th December, 2014	Kutaisi Ozurgeti	29 farmers (+ 5 members from RICCs)	29%
	2x accounting and taxation (2 days)	22 nd -23 rd December, 2014	Ozurgeti	25 farmers (+ 3 members from RICCs)	18%
		24 th -25 th December, 2014	Kutaisi		

The training assessment and further follow up of the skills acquired by the beneficiaries have supported the decision to change the approach of this capacity building sessions into a training + coaching system, in order to ensure a sustainable improvement of the applicants' capacities. At this moment the project is selecting the persons/institutions able to provide this kind of support, particularly regarding accounting & taxation, and regulations affecting agricultural cooperatives. Given the commitments by the Georgian Government established in the Association Agreement and Deep and Comprehensive Free Trade Area related to agricultural productions and food safety, new

regulations are expected to be approved in the near future (for instance, regarding milk and dairy production) and the project is already planning to provide the support required in these fields.

The quality of the business plans submitted by the applicants who have been finally selected proved to be adequate for starting the implementation. However, at the beginning of the next reporting period, the beneficiaries together with the project team and technical experts will review the approved business plans for the 1st competition winners and include the modifications needed to adapt the business plans to the actual data after 1 year of business implementation.

A.1.6. Provide follow-up services to groups supported.

For the provision of follow-up services those experts who are based in the target area have been prioritized to ensure the sustainability of this support beyond the project implementation. With the same aim, throughout the provision of technical assistance to the selected farmers groups, the project works very closely with the RICCs in the target municipalities. Whenever an expert had to be recruited, the RICCs have been invited to participate in the technical assistance sessions, so their capacities in the specific field would improve.

Experts on soil, tea rehabilitation, hazelnuts production, roses, viticulture (grape production and wine technology) and fish are providing periodic technical assistance and recommendations to the selected cooperatives. The cooperation with the project Farmer-to-Farmer (implemented by ACDI/VOCA) has been consolidated and the fishery cooperatives Kulbaki and Samegobro 2014 received joint technical visits conducted by local and international experts. The project has also facilitated the participation of project beneficiaries in trainings organized by the ACDA or by other projects and private initiatives.

Technical Assistance	Date	Venue	Visits	Cooperative
Soil testing	October 2014	Khobi Lanchkhuti Chokhatauri Ozurgeti Tsageri Abasha	4	Nagomaris Chai Chibati Shamatia Leipana Guria Company Vardi 2014 Nergebi
Rehabilitation of tea plantations	November-December 2014	Lanchkhuti Chokhatauri Ozurgeti	7	Guria Company Chibati Nagomaris Chai ⁽ⁱ⁾
Agricultural techniques for arrangement of hazelnuts plantations	April-May 2015 July-August 2015	Senaki	6	Soplis Imedi
Production of roses in greenhouse	July 2015	Abasha	3	Vardi 2014
Trout farming	April 2015	Chokhatauri	1	Samegobro 2014
Fishery	May 2015	Tsageri	1	Kulbaki
Agricultural techniques for arranging vineyard	May 2015	Tsageri	2	Leipana
Agricultural techniques for arranging mandarin plantation	August 2015	Khobi	1	Mandarinebi ⁽ⁱⁱ⁾
Recommendations for procurement of rabbits and for feeding for rabbits	September 2015	Tbilisi	2	Akhali Gurianta

Recommendations for procurement of wine processing equipment	September-October 2015	Tbilisi	2	Dogurashi
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- (i) Out of 11 farmers groups initially selected to receive support from the project, the agricultural cooperative Nagomaris Chai had to be dismissed due to their sudden organizational problems and lack of agreement regarding different aspects of their business plan. The project met the cooperative members in many occasions and developed, unsuccessfully, different supporting actions in order to facilitate a new agreement on a common vision for their business. The final decision about this dismissal took place before signing the sub-grant agreement between the project and the cooperative. CARE will conduct a case study in order to get a better understanding of the different factors leading to the cooperative's collapse.
- (ii) Mandarinebi was selected during the 2nd competition scheme, however, this cooperative decided to withdraw from the project. The main reason presented by the cooperative was the revolving fund system and the possibility of accessing grants provided through governmental programs.

The mobilization team has been coaching the beneficiaries regarding organizational issues, compliance with Georgian legislation and accounting. Considering the degree of support and expertise required by the farmers groups, the project will count on the assistance of specialists in those fields.

Supporting and encouraging the participation of the cooperatives engaged in the project in farmers' fairs and exhibitions, facilitating contacts with supplies and potential buyers, enabling networking within the value chain but also with other cooperatives and stakeholders from different value chains, engaging the cooperatives in advocacy actions – either organized by GFA or jointly with other ENPARD consortia – are other fields subject to the assistance from the project during the reporting period.

ISET conducted a value chain study on tea (currently a draft version is available) and the field research for the elaboration of a trout value chain analysis. These researches put the focus on the problems faced by the trout and tea cooperatives involved in the project, and these cooperatives have been a main source of information for the elaboration of the studies. As part of the research on tea, ISET is producing a case study based on one cooperative supported by the project (Guria Company).

A.1.7. Create revolving fund to receive grant repayments, fund additional groups.

The creation of a revolving fund has 2 main purposes: i) the farmers groups will get used to re-pay the financial support following an agreed schedule, which will make them more attractive for receiving funds from financial institutions, ii) the funds provided by the project will be used for funding more cooperatives even after the end of the project, resulting in an improved sustainability of the processes initiated through the project. Only the funds contributed by the project (not the cooperatives' contribution) shall be returned by the beneficiaries. The project has been working on different proposals regarding the institutional arrangement of this fund, taking into account the current legislation and the compliance with the donor's regulations. Irrespective of the option finally selected, which in any case will be communicated in advance to the donor, the Action would ensure the involvement of GFA and beneficiaries (the cooperatives supported by the project) in the management system even though during the project period the revolving fund will be in CARE's hands. The system will be consolidated and ready to be operational without project support once the project is over. The final system should be established before March 2016 when the 1st funds will be returned by the supported cooperatives. The increased price of goods and higher project's contribution due to the exchange rate fluctuation is an issue to be considered for a fair definition of the funds to be returned by the beneficiaries.

A.1.8. Cycle 2: Select 23 more groups for grant and investor support.

Nothing to report.

Expected Result 2: Interests and rights of smallholder farmers are represented and protected by the Georgian Farmers Association (GFA).

Indicator 2.1 After year 2, GFA has adjusted its governance structure to ensure democratic representation of members and has diversified its revenue base.

The revenue base of GFA has improved because of the approval of a project for the support of cooperatives in Eastern Georgia, financed by the Austrian Development Agency. It's the first time the GFA is selected as a main implementer of a development project, which definitely is a step towards financial sustainability, also facilitating an improved future access to donors' support. Different strategies for diversification of the revenue base are being assessed based on GFA's new strategic plan and capacity building strategy, such as provision of technical services, provision of market information (data, trends), membership fees, negotiation and intermediation between farmers and buyers. The capacities are being improved within GFA on this regard.

During the reporting period an organizational development process has been initiated in the frame of which ways of improving the GFA governance structure have been defined. The realization of improvement measures, like the set up of a general assembly system, will take place in the 1st semester of 2016.

Indicator 2.2. After year 2, GFA provides services tailored to the needs of at least 50% of target business-oriented small holder farmer groups as its members.

The potential services to be provided to farmers groups and cooperatives have been defined, and GFA internal capacities are being improved in order to offer tailor-made services to GFA members (from year 3 on). At the end of the reporting period, one of the services planned to be part of GFA's activities as clearing-house, namely the provision of updated information on market prices to GFA members, is successfully being implemented.

Indicator 2.3. After year 3, at least 3 preferential contracts have been negotiated by GFA with service providers and marketers on behalf of members.

The target of 3 preferential contracts between GFA members and marketers has been already accomplished. Besides the improvement of capacities within the organization, the establishment of an interactive and user-friendly system is necessary to facilitate the connection between GFA members and providers and marketers, which will take place during year 3.

Indicator 2.4. At the end of the project, the number of farmer groups represented by GFA has multiplied by 400% over baseline.

The exact number of individual members of GFA by the beginning of the project was 400, while the number of collective entities (associations, farmer groups or cooperatives) was 83. By the end of the reporting period, the number of individual members is 746, while the number of collective entities is 155. The variation in both cases, individual members and collective members, means an increase of 87% over the baseline.

A.2.1. Develop and implement improved GFA governance and organizational structure.

By April 2014, the institutional development coordinator elaborated jointly with the GFA team a document containing the basis for the organizational development and capacity building strategies. As part of this process, a preliminary assessment of GFA's organizational structure and team capacities took place, becoming a main reference for the subsequent capacity building process and for the external consultancy required for the design of GFA's strategic plan.

The consultancy for improving GFA's institutional capacity was provided during the 2nd semester of 2014. As a result, a 5 years Strategic Plan, a Work Plan and a Projected Budget for the period 2014-2018 have been produced (Annex 10, 11, 12). These documents have been reviewed by CARE and RDA management teams and reviewed and approved by the GFA founding committee. In these documents the focus of the GFA as advocate is highlighted. There were specific recommendations regarding the organizational structure and staffing: addition of an executive director, a part-time legal consultant and an analyst for implementing quality advocacy for farmers.

Another consultancy was required for monitoring the implementation of the first steps of the GFA new Strategic Plan during the 1st semester of 2015, with a particular focus on the human resource strategy, the establishment of the framework for the first marketing activities supported by the project and the supervision of the advocacy activities. After the staffing needs have been assessed the position of an executive director and a data analyst to GFA organizational structure have been added to be project budget which was communicated to the EUD in July 2015. Regarding the needed support with legal issues (revisions of legislation affecting farmers and recommendations for new legislation) GFA together with the project partners decided it would be most effective to outsource this assistance. Therefore, a law firm has been providing legal assistance to the GFA for advocacy purposes and it has also supported the GFA with the development of a congress/general assembly of members as part of the organizational structure of the association. The recommendations to the amendments of the law on agricultural cooperatives and to ACDA's proposal for supporting beekeepers cooperatives are among the tasks carried out by the law firm throughout the support for GFA.

The training needs assessment conducted by the institutional development coordinator showed the need of improving GFA staff skills on diverse IT tools and on the management of GFA's call center (main system for ensuring the communication flow between GFA and its members). The training on IT tools provided to GFA staff has allowed the improvement of the database of members and GFA website features. It was also essential for the proper development of the layout for GFA's annual report (Annex 9) and for developing outreach materials. The IT training was implemented by the company Be Mark from September to November 2014 and in March 2015. The training was 98 hours and covered the following subjects:

- MS Office 2013 (Word, Excel, Access, PowerPoint, Microsoft Project, MS Outlook) - a total of 54 hours
- Internet research techniques - 2 hours
- Social Media - 3 hours
- Search engine optimization (SEO) - 5 hours
- Corel Draw - 8 hours
- Photoshop - 12 hours
- Adobe Acrobat Professional – 2 hours
- Call center operation – 12 hours

The call center training sessions covered the following topics: effective service, customer satisfaction, service standards and personnel skills, client types and their individual-psychological characteristics, effective communication models, identification of client needs, positive and negative formulation, telephone service standards, characteristics of telephone communication, question types and question posing techniques, active listening techniques and effective listening, behaviour techniques with dissatisfied customers, importance of non-verbal signals during telephone conversation, techniques of long-term relationship with customers.

Based on the training needs assessment, new trainings for GFA staff will be organized which will match with GFA's organizational strategy and strategic plan. The compliance of farmers' productions with new food safety regulations and the different quality certifications seem to be a suitable subject for the new trainings. Organizational aspects related to membership management, particularly regarding the establishment of a General Assembly system will be also covered in the capacity building process during next reporting period.

GFA faced some difficulties in the use of the grant for the coverage of office supplies and utilities due to not being VAT exempted. The VAT exemption for GFA was requested but rejected due to GFA being considered as merely a beneficiary of the project (in spite of being co-implementer of some project activities). The total amount of the sub-grant agreement has been increased from 59,000 EUR to 60,000 EUR and the lines within the agreement have been adjusted in order to better respond to the

actual needs of GFA (for instance, including a line for the payment of the annual fee for COPA-COGECA).

As a result of the improved capacities of GFA, 2 new projects presented by GFA have been approved during the reporting period:

- A project for improving the capacities of agricultural cooperatives in Eastern Georgia, supported by the Austrian Development Agency, starting in August 2015;
- A project for study tours, networking and capacity building for GFA staff in cooperation with the HollandDoor Coöperatie U.A. This project will be implemented from July 2015 to March 2016 and is providing capacity building for the GFA team regarding organization management (with the focus on association-related issues), advocacy and entrepreneurship in agribusiness, networking and knowledge transferring; resulting therefore in a better accomplishment of activity 2.1.

A.2.2. Develop the GFA brand as a trusted umbrella organization for Georgian farmers.

The development of GFA brand was postponed till the strategic plan and potential sources of incomes were defined in order to shape the GFA brand and marketing strategy according to the new strategic plan. Nevertheless, several marketing actions have taken already place: leaflets, boards, greeting cards for members, and promotional podcast. During the 2nd quarter of 2015, a new public outreach officer was recruited and new marketing and visibility materials were developed, for instance, the first GFA newsletter. By the end of the reporting period (September, 2015) a marketing consultancy has been initiated to produce the marketing and brand strategies for the GFA. As research tool for the definition of these strategies, the project together with the consultants and GFA decided to organize a field tour to meet with farmers (both, members and non-members of GFA) in 8 Georgian regions. Through this marketing & awareness campaign and research tool, GFA and the consultants collect information about the needs from farmers and farmers groups, and the expectations from an association such as the GFA.

A campaign called “A farmer is a patriot” has started in September 2015. In the frame of this campaign pictures of farmers holding a board with that motto have been taken all around Georgia. The strategy of taking pictures of farmers and post them in different GFA media has proven to be a very effective system to increase the dignity and respect of smallholder farmers in Georgia and to promote GFA among farmers.

A.2.3. Support GFA campaign to raise public and stakeholder awareness on cooperatives’ needs and potential to increase food production and rural income.

This activity has been delayed due to the difficulties in the procurement of the call center, which was one of the main systems of information provision to the GFA. The procurement was finally accomplished by the end of the 1st semester of 2014. Since that moment, the call center has become a core tool in the relation between GFA and its members, allowing also the establishment of linkages between farmers, suppliers and marketers. The call center operators have received training on call center operation and management. The call center is processing on average more than 400 outgoing calls and more than 100 incoming calls every month.

For ensuring the effectiveness of the call center in the information management from GFA members it was necessary to create a database software. This process took longer than expected partly due to the challenging elaboration of the terms of reference for the consultancy in charge of elaborating this software. Finally, the software has been completed and since the end of the 1st semester of 2015 is fully operational. Apart from the service to GFA’s members, the call center together with the software for information management can be offered to projects and institutions for conducting surveys or for

facilitating the communication flow with stakeholders, becoming a resource for GFA's financial sustainability⁴.

GFA has organized a workshop with the participation of the Leibniz Institute of Agricultural Development in Transition Economies University (IAMO) in order to collect information from farmers about the main constraints regarding productivity, exportations and supply chain. This information is being added to the existing GFA database and used for the design of the next awareness raising campaigns.

GFA updates the information on its website (<http://infogfa.wix.com/gfassociation#!/clzbi>) every day (in Georgian, English and Russian) and gets an average of more than 115 new hits in a month. The GFA facebook site (<https://www.facebook.com/gfa.com.ge/?fref=ts>) is also updated every day and became an essential tool for consultations and for the exchange of information between GFA and its members. Both the GFA website and GFA facebook site have been designed by the GFA team. Both sites are being upgraded in order to adapt them to the new branding and marketing strategy. As part of GFA's accountability measures GFA elaborated a report – in Georgian and English – collecting information from all the activities during 2014. The report was shared with donors, partner organizations and advisors before being finally published at the end of 2014. Such a report improves the visibility of GFA. A similar report will be elaborated for 2015.

A.2.4. Guide GFA in fostering cooperation among members, public agencies, and investors.

Till the development of the Online Marketplace which will be an interactive system to link cooperatives with potential investors, GFA has been enhancing the cooperation among members and investors and other relevant stakeholders throughout GFA media, particularly the call center, its facebook site and the GFA website. Farmers usually contact GFA requiring information about buyers and market prices, support programs, grants, trainings and how to grow different agricultural products. Agricultural companies and farmers also ask for information about agricultural supplies such as seeds and seedlings, fertilizers and agricultural equipments, among others. GFA is posting regularly information about auctions (land, machinery) and it supports farmers on the bidding process.

The access to information and the establishment of linkages among different stakeholders in the sector has been done regularly by GFA throughout the reporting period. The implementation hasn't followed a systematized approach, which will happen once the Online Marketplace (or a similar tool linked to the new GFA website) is developed. However,, there are already numerous tangible results. For instance, during 2015 GFA successfully linked its member farmers with different companies, such as Carrefour, Rixos Borjomi and Adjara Group (hotels Holiday Inn and Room), thus ensuring continuous supply of products – in this case, mainly greens and vegetables.

When it comes to advocacy and GFA's work to foster common positions on agricultural and farming issues, the participation of GFA in every forum and policy debate related to the sector is enhancing the perception of GFA as a main advocate for Georgian farmers. GFA is being featured very often in different media, in average more than 7 times a month, ensuring the press coverage of agricultural and rural development subjects. Among GFA's advocacy actions it's following ones shall be highlighted:

- Involvement in the committee of Land Pricing Strategy at the Ministry of Economy and Sustainable Development of Georgia for the elaboration of the new law
- Involvement in the elaboration of the new program on agricultural insurance
- Participation on the development of recommendations on the law on cooperatives

⁴ GFA is providing consultation services through the call center to the governmental project "Micro-business development in Samtskhe-Javakheti and Kvemo Kartli", being able to process more than 200 incoming calls from beneficiaries per month.

- Participation in drafting recommendations of the Agriculture Strategy Paper developed by the Ministry of Agriculture
- Participation in working groups of Vocational Education, Trainings and extension in Agriculture organized by UNDP
- Participation in roundtable discussions regarding the Deep and Comprehensive Free Trade Agreement (DCFTA) organized by The Georgian Institute for Strategic Studies (GISS) with the support of the International Visegrad Fund
- Participation in the national conference "Creation of Effective Extension in Agriculture and National Frames for Vocational Education"
- Participation in the round-table discussion on "Women's Economic Empowerment in Agriculture and Agri-business" organized by Georgia OXFAM International
- Participation in the panel discussions "The Role of Family Farming in the Sustainable Development of Agriculture Sector and Poverty Reduction in Georgia" organized by ISET Policy Institute

The GFA is also a member of different networks and associations linked with the private sector such as Invest for the Future, the Georgian Small and Medium Enterprises Association and the Georgian Entrepreneurs Network.

A.2.5. Facilitate GFA negotiation of favorable terms on services from preferred providers to members.

The new GFA strategic plan is prioritizing its role as advocate and therefore GFA's functions as mediator in the provision of quality services to GFA members has been less stressed during the reporting period.

Among the financial sources defined in the new strategic plan are fundraising, membership fees, work on different tenders and projects as well as revenues from advertising and sponsorship. The possibility of improving GFA's financial sustainability through GFA's mediation between service providers and farmers groups is still considered and it might be linked to the establishment of a membership fee. In that case the members paying a periodic fee would have access to certain specific services from GFA under favourable terms. The new GFA website will allow the establishment of a database of service providers accessible for members. The network of experts established and equipped through the project will be primarily considered to be included in GFA service providers' database, given the high level of trust between the project and the experts and their degree of expertise already tested through their assistance to cooperatives.

A.2.6. Connect cooperatives supported by other implementers to GFA.

GFA has been involved in different meetings and fora organized in the frame of ENPARD, allowing other ENPARD implementers and beneficiaries to better understand GFA's role as advocate and the benefits of joining GFA for farmers and cooperatives. Among these meetings, the forum jointly organized by the consortia of Mercy Corps, People in Need (PIN) and CARE should be highlighted, which took place in Kutaisi at GIPA's premises on 18th June, 2015 (and later on at ACDA on 23rd June 2015), in order to discuss ACDA's proposal for supporting beekeepers cooperatives. The beekeepers cooperatives benefiting from the 3 consortia participated in this meeting and GFA took the lead in consolidating the recommendations resulting from the meeting and sharing them with the ACDA. GFA was also represented in the forum on hazelnuts organized in Anaklia on 15th May, 2015 by Oxfam, and in a regional forum in Kutaisi on 30th April 2015 organized by PIN.

GFA has also participated in the ENPARD stakeholder meetings organized during the reporting period. In every ENPARD-related event, particularly in the regular meetings with the ACDA and in the ENPARD consortia coordination meetings, the project representatives have stressed the importance of GFA as advocate. Some consortia have already expressed their willingness to involve the GFA in all the advocacy activities implemented within their projects.

A.2.7. Foster strong ties to international expertise on cooperatives and policy.

During the reporting period, COPA-COGECA organized only one networking event which took place in Brussels in October 2014. However, there have been other trips abroad covered by this budget line, either suggested by the COPA-COGECA network or by other international organizations as FAO, which in any case had the focus on improving GFA's capacities through networking with other similar organizations and which were communicated to the EUD beforehand.

Event	Organizer	Location	Duration	Participants
Meeting with the National Federation of Agricultural Holders' Unions	COPA-COGECA & French Federation of Agricultural Holders' Unions	France	4 th – 8 th June, 2014	- GFA Chairwoman
Forum: The new Common Agricultural Policy (CAP) 2014-2020 and Family Farming: growth and employment for EU rural areas" (COPA-COGECA networking event)	COPA-COGECA	Brussels (Belgium)	5 th – 9 th October, 2014	- GFA Chairwoman - GFA Deputy Chairwoman/Public Outreach Officer ⁽ⁱ⁾
Informal Consultation for Europe and Central Asia Region	FAO	Budapest (Hungary)	18 th -19 th May, 2015	- GFA Chairwoman
Study tour: Enhancing Entrepreneurship and Advocacy in Georgian Agribusiness	HollandDoor Coöperatie U.A	Netherlands	12 th -17 th July, 2015	- GFA Chairwoman - GFA Executive Director - GFA/RDA Institutional Development Coordinator - GFA Call Center Coordinator

- (i) In the case of the annual forum organized by COPA-COGECA in October, 2014, the project followed the suggestions from the EU Delegation regarding the need of reinforcing the linkages among the ACDA, the GFA and the cooperative movement in the EU. For that reason, the project supported besides GFA representatives the participation of representatives from ACDA and other Georgian institutions related to the development of agricultural cooperatives.

In some cases, the costs were partially covered by the organizers. For instance, this was the case in the study tour organized by HollandDoor Coöperatie U.A, which took place in the frame of a project implemented by this organization and funded by NUFFIC, and whose main aim is supporting the improvement of capacities of GFA staff.

In July 2015, the project communicated to the EU the increase in this budget line, due to the clear relevance of GFA participation in international events (and the increased requests to GFA to participate in those events) and considering that these trips have proven to be an effective system to improve GFA's capacities and access to knowledge and resources through networking. Also, this budget increase responds to the potential participation of the ACDA and other governmental institutions from Georgia in international events in the frame of the cooperatives' movement in EU.

Expected Result 3: Institutional framework for smallholder farmer groups improved.***Indicator 3.1 After year 3, government recognizes GFA as partner on farmers' issues and representative of cooperatives.***

Up to date, GFA's role as advocate hasn't been formalized by a framework agreement with the Ministry of Agriculture, however, de facto GFA is recognized by the government as a main representative of farmers and cooperatives. As a symptom of the increased relevance of the GFA in policy making, GFA has been requested to become a member of agricultural/farming networks and different committees led or initiated by the Georgian Government.

Indicator 3.2 At the end of the project, GFA/ISET recommendations are incorporated in Ministry of Agriculture regulation on agricultural cooperatives;

GFA and ISET have been actively involved in the discussions regarding the amendments to the law on cooperatives, as well as other legislation affecting farmers and agricultural cooperatives; for instance the law on foreign ownership of agricultural land. Because GFA is recognized by the Georgian Government as a main interlocutor for agricultural and farming issues they will play an important role in policy making

Indicator 3.3 At the end of the project, GFA conducted at least two joint advocacy campaigns with other agencies to resolve gaps in legal framework related to cooperatives.

All GFA's actions with specific components on visibility and marketing have been postponed till the development of the GFA brand and marketing strategies. By the end of the reporting period, a consultant for the elaboration of these strategies has been recruited and an advocacy campaign has been planned. This will provide the base for the joint advocacy campaigns.

A.3.1. Hold periodic workshops with ENPARD partners to harmonize ENPARD approaches to cooperative development.

The coordination among ENPARD consortia is taking place through monthly meetings organized by the ACDA and through several other mechanisms, such as ENPARD stakeholders meetings, ENPARD consortia coordination meetings, M&E Working Group. Therefore, the organization of specific workshops for the same purpose is not required. In July 2015 the project communicated to the EUD the cancelation of the budget lines addressed to this activity given that the existing coordination systems don't require the use of additional project funds. At the same time, the CARE consortium is fully committed to participate actively in the coordination with the other consortia, the ACDA, the Ministry of Agriculture, and any other institution involved in the development of agricultural cooperatives. Both, GFA and ISET have been actively involved in the meetings led by the ACDA addressed to the revision of the law on cooperatives and both have been frequently represented in the ENPARD stakeholders meetings.

Jointly with the other ENPARD consortia and the ACDA, the CARE consortium has been actively involved in the compilation and revision of the FAQs on agricultural cooperatives. As a result, a brochure with the consolidated information has been developed and published, and it has been a main reference in information campaigns (<http://acda.gov.ge/res/docs/2015060511411559588.pdf>). The CARE consortium has been also involved together with the ENPARD consortia in providing feedback to the French Cooperation regarding a loan program for cooperatives in Georgia. Through ISET, the CARE consortium is facilitating the coordination among the ENPARD consortia with regards to M&E tools. ISET has been also involved in exchanging information with the ACDA regarding the baseline and the cooperatives' assessment implemented by the consortia. In fact, the general cooperative level survey has been presented to the ACDA and to different stakeholders (FAO and ENPARD-Armenia representatives) during the ENPARD stakeholders meeting in Batumi (1st and 2nd June, 2015). The exchange of ideas, best practices, success stories and lessons learned took place during the visit of the delegation of ENPARD Armenia to selected cooperatives supported by the CARE consortium.

A.3.2. Analyze existing policies on cooperatives' development and develop evidence-based policy options.

Throughout the support to cooperatives the project has been compiling experiences and lessons learnt that have been essential for a proper provision of feedback to the draft amendment to the current law on cooperatives presented by the ACDA. Between the end of March and the beginning of April 2015 the CARE consortium together with the other ENPARD consortia developed and implemented a quick assessment for cooperatives, in order to provide evidence for some of the more controversial aspects of the amendments: minimum number of members allowed for the establishment of a cooperative, provision of agricultural services to non-members, as well as purchase of agricultural products from non-members⁵.

The delay in the selection of cooperatives by the ENPARD consortia has determined a delay in the systematic implementation of the cooperative assessment developed by the M&E Working Group. At this moment, only the baseline assessments have been conducted in the whole ENPARD area. By next year, at least 2 annual assessments per selected cooperative will be available, ensuring a better development of policy recommendations based on evidences. Moreover, the project is implementing a monthly monitoring survey which will bring more clarity in the next reporting period about the development of cooperatives. The results of these tools will guide the definition of the research agenda for the project and the publication of discussion/position papers on the legal framework for cooperatives. The cooperative assessment contains a section with the following subjects: relation with local suppliers and service providers, marketing, finance, assets, employees, management, membership, constraints for development.

In July 2015, the project communicated to the EUD an increase in the budget and scope for this activity in order to include costs related to publications and translations and to add the implementation of regional/sectoral fora as a complementing action to the national workshops for the analysis of policies. In order to develop farmers groups and the agricultural cooperatives' institutional framework on the regional level, to promote the introduction of measures product and region- specific by the Government, and to follow the recommendations from the EUD, the project proposed to organize regional fora which will bring together different stakeholders – farmers, the government, the private sector (processors, exporters, etc.). This institutional framework at a regional level will be linked to GFA's advocacy activities. Considering the strong link between some specific products and regions these regional fora will be developed around a particular product. These regional and product-based fora will be done in addition to other workshops and other fora organized in the frame of this activity which will follow a country-wide and thematic approach. The initial delay in this activity was due to the need of coordination with similar activities implemented by the other consortia. In the last consortia coordination meeting on 28th September in Kutaisi it was confirmed that other consortia will continue with a territorial approach for the organization of fora (municipal-regional level) while the CARE consortium will implement a sectoral/product-based approach.

On 1st July, 2015 in Kutaisi the first tea sector forum was organized by the project, lead by GFA and ISET although involving all the implementing partners. The event hosted 120 stakeholders, including representatives from the EUD, agricultural cooperatives (tea producers and processors), investors, tea companies, the Deputy Ministry of Agriculture and the head of the ACDA. At the end of the forum the project organized an exhibition of local tea. As a result from the forum, the following recommendations on the tea sector were made (Annex 13):

- Implementing reforms in the tea sector, supporting tea cooperatives and connecting the value chain actors in the tea sector.

⁵ The final draft of the amendment didn't take into account most recommendations from the ENPARD consortia or the evidence shown through the quick assessment. However, this amendment is still under revision at the Georgian Parliament and the final text is not yet known.

- Mobilization of additional financial resources, particularly from the private sector, to support the re-cultivation of tea plantations
- Development of mechanisms for selling/leasing state-owned plantations.
- Prioritization of domestic markets, potentially following a branding strategy that emphasizes clean production and processing
- Establishment of linkages between farmers' groups and tea cooperatives and large-scale processing facilities
- The potential profitability of following an import-replacement marketing strategy

Soon after the forum, an assessment of tea plantations was conducted by the Georgian government throughout the whole country. As a result, a governmental program for assisting farmers and cooperatives on rehabilitation of tea plantations is about to be approved and will start implementation in 2016. GFA has followed up the measures and recommendations agreed during the forum.

Besides the tea stakeholder forum, the CARE consortium participated in other fora either organized by the ENPARD consortia or jointly with them:

- A forum for beekeepers cooperatives organized in cooperation with Mercy Corps and People in Need consortia, in Kutaisi on 18th June, 2015 (already described in A.2.6.).
- Participation of the project team (GFA & RDA) and cooperatives from Tsageri in the regional forum organized by PIN on 30th April 2015 in Kutaisi. The Agribusiness Needs Assessment report (prepared by PIN consortium) was revised and some initial steps towards advocacy were agreed among participants

Besides, in the frame of this activity, ISET produced several articles to inform the public debate on agricultural policy and to develop policy options. The list of the articles written during the reporting period is as follows:

- Georgian Farmers Playing Russian Roulette
(<http://www.iset-pi.ge/index.php/en/iset-economist-blog-2/entry/georgian-farmers-playing-russian-roulette>)
- Empowering Georgian Plow Mothers
(<http://www.iset-pi.ge/index.php/en/iset-economist-blog-2/entry/empowering-georgian-plow-mothers-gutnis-deda>)
- Tea: a Potential Gold Mine of Georgian Agriculture?
(<http://www.iset-pi.ge/index.php/en/iset-economist-blog-2/entry/tea-a-potential-gold-mine-of-georgian-agriculture>)
- Georgian Tangerines
(<http://www.iset-pi.ge/index.php/en/iset-economist-blog-2/entry/georgian-tangerines>)
- What Happens When Institutions Are Designed to Provide Bullet-Proof Protection Against Fraud?
(<http://www.iset-pi.ge/index.php/en/iset-economist-blog-2/entry/what-happens-when-institutions-are-designed-to-provide-bullet-proof-protection-against-fraud>)
- Save the Georgian Bazaar
(<http://www.iset-pi.ge/index.php/en/iset-economist-blog-2/entry/save-the-georgian-bazaar>)
- Agricultural Cooperatives Fishing for Competitiveness
(<http://www.iset-pi.ge/index.php/en/iset-economist-blog-2/entry/agricultural-cooperatives-fishing-for-competitiveness>)

Besides collecting information from farmers through the implementation of activities under result 1 and through GFA's members, the project has started to provide legal assistance to the GFA in order to ensure the proper development of recommendations on agricultural policies. This assistance has supported the project and GFA with the elaboration of feedback to the dairy and honey initiatives, and to the proposed amendments to the Law on Agricultural Cooperatives by the ACDA. The recruitment of a junior data analyst will allow consolidating the information and extracting the data relevant for

policy recommendation and advocacy. The recruitment of the data analyst is the first step towards the creation of an analytical department at GFA.

A.3.3. Help GFA consult members' positions on current issues and prepare advocacy strategies.

GFA has started consultations with its members about different policy issues using the call center. The software for the database management is helping compiling and organizing the information acquired from farmers. For a more systematic collection of information, GFA and ISET are currently designing a short survey to be conducted every quarter through the call center upon a representative number of GFA members for measuring the perception of farmers regarding policy environment. Also, by the end of the reporting period, a field tour throughout the whole country has been organized by GFA with 2 main purposes: marketing of GFA and consultations with farmers. Once the marketing and branding strategies are complete, there will be more field tours with specific focus on recommendations and policy issues. The consolidated outcomes and main recommendations for advocacy extracted from the implementation of these tools will be integrated in different printed materials and media, and disseminated through GFA. This activity will start full implementation after the current reporting period.

A.3.4. Guide negotiation of framework agreement between Government of Georgia and GFA.

Although the framework agreement between GFA and the Georgian Government is not yet in place, GFA has been making progresses in consolidating its position as advocate for farmers' interests in Georgia.

As a sign of the increased relevance of the GFA in policy making, GFA has been requested to become a member of the following organizations (most of them directly linked to the Georgian Government):

- Georgian Chamber of Commerce and Industry
- Grant selection committee member of the Agricultural Projects Management Agency
- Land pricing committee member of the Ministry of Economy and Sustainable Development
- Civil Chamber at National Food Agency
- Agri-Insurance Working Group
- Eastern Partnership – Georgia National Platform
- Member of the Platform of Professional Training Centers belonging to the Ministry of Education and Science of Georgia

Besides being contacted to participate in every forum addressed to discuss about agriculture and farmers' rights, and the involvement in advocacy and networking activities described under A.2.4., GFA signed during the reporting period MoUs with the following institutions:

- Macedonian Farmers' Association
- Georgian-Iran Chamber of Commerce
- Women's Club Women from Ukraine
- Ivane Javakhisvili State University, particularly in the field of Biosciences and Biotechnologies
- Patriarchate of Georgia Agribusiness Innovation Center
- Laboratory of the Ministry of Agriculture

Expected Result 4: Smallholder farmer groups are linked to improved sources of capital, market information, business opportunities and farming/processing methods

Indicator 4.1 After year 3, an Online Marketplace linking business ideas with investors is used by farmer groups nationwide.

The Online Marketplace is under design and it will be fully operational during year 3. Besides, the project is working on building market linkages and on defining different systems for ensuring the access of cooperatives to business opportunities.

Indicator 4.2 After year 3, at least 20 farmer groups report use of ISET real time market information in business decisions.

ISET real time market information is already available and not only the cooperatives selected in the frame of the project but all GFA members have access to this information. During year 3 ISET will produce reports on market price trends – a tool much more efficient for allowing farmers and farmers groups to make business-related decisions – which will be disseminated through GFA to its members, including the cooperatives selected to receive support from the project.

Indicator 4.3 By the end of the project, at least 10 business partnerships have been formed by smallholder farmer groups with foreign and/or national investors.

Up to date, the project has managed to raise funds from a social investor, specifically a foundation, which were used for co-financing 5 of the first cooperatives selected to receive support from the project. The project is working towards raising more funds from social investors, and towards the establishment of business partnerships, with a main focus on public-private partnerships and partnerships between the selected cooperatives and other agents within the private sector. In the case of the tea sector, for instance, there is a clear interest by a main Georgian company to establish this kind of relationship with the tea cooperatives supported by the project. The terms of this partnership are currently under discussion.

A.4.1. Establish Online Marketplace to promote participation of outside investors linking to farmers' business ideas

The Online Marketplace is linked to the new website of CARE International in the Caucasus and its organizational model based on scouting innovative ideas from social entrepreneurs. The difficulties in the implementation of this new organizational model resulted in a delay with the establishment of the Online Marketplace. In spite of it, and trying to overcome the impact of this delay, CARE has been working on the mobilization of social investors aiming at raising funds for cooperatives. As a result, 100,000 USD (~ 80,000 EURO considering the exchange rate by the time these funds were invested on beneficiaries) have been already raised from a social investor, the Peierls Foundation. These funds have been used to co-fund 5 business proposals selected in the 1st competition scheme, namely business plans presented by the agricultural cooperatives DK-Kolga, Vardi 2014, Leipana, Shamatia and Kulbaki. Furthermore, CARE is using the existing resources at CARE International for facilitating fundraising for cooperatives. Among the actions taken in this regard, the creation of a pooled fund for collecting funds from social investors should be highlighted.

The project is currently working on the development of the Online Marketplace as an interactive system to link cooperatives with potential investors, which don't necessarily need to be associated with CARE's fundraising system. In a 1st stage, the Online Marketplace will be used for posting information and business ideas from cooperatives supported by the project and who have already proven the feasibility of their business (and their consolidation as cooperatives). Therefore, the funds raised through this system will allow a further development of the beneficiaries' businesses, complementing the funds already contributed by the project. The project is also supporting the establishment of a similar interactive system within GFA's new website, which will allow the linkages between farmers, suppliers and buyers.

A.4.2. Lobby financial entities to extend credit coverage to farmer groups.

The CARE consortium met and negotiated with different financial institutions - as Constanta Foundation, for instance - regarding the need of improved access to credit for farmers groups/cooperatives. Partly as a result of the advocacy with this particular institution, a proposal of a new program for supporting cooperatives was presented in Anaklia on 15th May, 2015, with similar aspects to the main options assessed so far regarding the establishment and operation of the revolving fund system.

A credit program specifically addressed to agricultural cooperatives has been implemented by TBC Bank during the 1st semester of 2015. This program is linked to the ACDA, however, no prior consultations (at least not through the ENPARD consortia) took place in order to adapt this program to the actual needs of cooperatives. The project has supported the cooperatives in the target area in accessing information and has facilitated the proper submission of required documents. However, as it has been checked in several occasions, the collateral system established in this credit program has proven to be unrealistic and far from the cooperatives' context. The project will definitely raise the issue of the limited access to credit by farmers groups and cooperatives through different actions. Specifically, one of the fora foreseen under activity 3.2. will focus on this subject, and ISET has already collected some preliminary information in this regard.

CARE consortium was represented in a meeting organized by the EU Delegation in July 2015 for provision of feedback to the French Development Agency regarding the establishment of a lending facility that would complement the ENPARD programme. One of the main ideas raised by the CARE consortium during that meeting was the addition of technical assistance linked to the credit which appears to be incorporated in the final text of the French program.

Another output not linked to the access to credit but definitely related to the financial viability of farming is the access of Georgian farmers to agricultural insurances. The GFA worked with the Georgian Government in the definition of a pilot agricultural insurance program, which was launched by the government while GFA disseminated information to farmers. This program was tested during the last agricultural season, but up to date there is not information about its development as an expanded (coverage of a higher range of products) consolidated program.

A.4.3. Develop technical assistance service provider networks to access specialized expertise.

CARE's consultant network has been expanded in order to involve new expertise specifically addressed to the activities of the project beneficiaries, and more importantly, to include experts based in the project target area. The aim is to facilitate the access of farmers/beneficiaries to technical expertise, making a closer support possible which financially is more feasible to be acquired by the cooperatives and therefore it can be more easily extended beyond the end of the project. Also, the engagement of the local experts in the network and their interaction with other consultants is allowing the improvement of capacities in different agricultural fields. The project has also facilitated the cooperation between the consultant network and the RICCs in the target area.

The network of experts has been involved in the delivery of technical workshops to short-listed farmers groups and cooperatives (described in A.1.4.), and in the provision of technical assistance to the cooperatives selected to receive financial support from the project (described in A.1.6.). The technical support network coordinator has played an essential role in contacting and coordinating experts, in defining together with beneficiaries and the project team the specific technical needs, in monitoring the proper assistance to cooperatives, and in determining through the field assessments the technical feasibility of applications initially short-listed (A.1.2.).

The technical support network coordinator has developed a plan to strengthen CARE's consultant network taking into account the most common needs from the cooperatives engaged in the project. Following this plan the network of experts has defined some initial equipment to be procured by the project, among them, a kit for soil testing. The equipment will be installed as a mobile laboratory in order to provide better services to the beneficiaries.

The project is currently determining the most effective way to link this network of experts to GFA, so the agricultural expertise can be offered by the GFA to its members (A.2.5.).

A.4.4. Make annual awards to innovative business partnerships: farmer groups and investors.

Although this activity was planned to take place on an annual basis, the project has decided to postpone the implementation to 2016 and 2017. The main reason for this delay has been the too quick

development of the cooperative movement. In about 2 years since the law on agricultural cooperatives was approved, more than 1,000 cooperatives have been established in Georgia. In an acceptable percentage, these cooperatives are consolidated farmers groups with a clear understanding of the value of cooperation. However, in some cases the creation of cooperatives is based on a misconception of what cooperatives and cooperation means. This misconception might have been fed by the possibility of accessing to different governmental benefits (motobloks, taxation) and/or the benefits, mostly financial, from the project. Therefore, and in order to gain a deeper knowledge about cooperatives in Georgia and to avoid further generation of expectations, the project has chosen a more cautious approach postponing the conduction of these awards to a more mature phase in the project implementation and in the cooperative movement as a whole.

A.4.5. Conduct scientific study of economic behavior and organization across the project area.

The approach towards this activity has evolved taking into consideration the prominence acquired by the M&E Working Group, and particularly by ISET as its coordinator, in the collection and analysis of information from cooperatives in the whole ENPARD area. The cooperative assessments designed and implemented by the ENPARD consortia will be a main source of information for further researches. By 2016 there will be already 2 annual cooperative assessments in the whole ENPARD area (baseline and after 1 year) which will allow to conduct the first studies. ISET will be in charge of making a preliminary global analysis of the information collected by the 4 consortia. ISET has been working on case studies and value chain analysis of the most relevant products for the project – the value chain analysis and case study on tea will be published by the beginning of the next reporting period -. The changes in ISET's role and their increased responsibilities as coordinator of the M&E working group have also affected the coordination for a proper establishment of linkages between the project and the students from the master's programme in economics. However, this measure is still considered and it's expected that after the first results from the cooperatives assessments are available, ISET itself and the students will have a more defined agenda about the more significant researches for policy making.

The existence of various other efficient research tools and the concerns about the feasibility of compiling accurate information through the farmers' diaries led the project to request the cancellation of that tool (and its budget required for implementation) which was communicated to the EUD in July 2015.

A.4.6. Set up a market price information service for GFA members.

Although this activity was foreseen to take place during the 1st semester of 2014, the actual collection of market information started in the 2nd quarter of 2015. The project team was informed about the plan from the Georgian Ministry of Agriculture to establish a market price information system for agricultural products, similar to the one foreseen in the project although at national level. In order to avoid the duplication of efforts, and to aim at maximizing the effectiveness of project funds, the project started collaboration with the Ministry of Agriculture and FAO for the design and implementation of a national market price system. ISET and the Ministry of Agriculture signed an MoU on 26th November, 2014, which formalized this collaboration, allowing ISET access to the data eventually collected through this system. The collection of information would take place through staff from the Ministry of Agriculture based in the field (RICCs) Therefore, the project funds addressed to market price enumerators could be cancelled. At the same time, the design of the methodology of a country-wide system, the training of staff within the Ministry for a proper collection of information, and the consolidation of the data resulted in an increased workload for ISET and the subsequent request to increase the budget lines for ISET team involved in this process.

More than 100 enumerators - members of the RICCs - across 65 Georgian municipalities have been jointly trained by ISET, FAO and Ministry of Agriculture on data collection. These enumerators have started collecting and uploading information from 100 agricultural products – using 3 different indicators for each product (the most expensive, the cheapest and the average price of the most sold

variety) – on a weekly basis (Annex 8). This information is directed to the Ministry of Agriculture for its internal use. ISET has free access to all the data collected by enumerators.

GFA and ISET jointly finalized the format of the user-friendly spreadsheet with market information to be delivered to GFA on a weekly basis. The GFA call center operators have been trained in the use of this spreadsheet in order to provide effectively information to farmers. By the end of the reporting period, the system is fully operational although the collection of market data by enumerators still needs minor adjustments. GFA has published in the newsletters and different media information about the access to market information, which up to now is taking place through phone calls. The project is currently determining the possibility of a restricted online access to the information by GFA members. ISET will start producing the 1st reports with data and market price trends for GFA by the beginning of 2016, since the analysis of trends requires several uninterrupted registries of data. The use of these reports or the specific market price analysis as part of the sources for financing the GFA is being assessed by the project.

2.3. If relevant, submit a revised logframe, highlighting the changes.

Please list all contracts (works, supplies, services) above €60000 awarded for the implementation of the action during the reporting period, giving for each contract the amount, the award procedure followed and the name of the contractor.

N/A

2.4. Please provide an updated action plan ⁶

Activity, YEAR	Year 2			Year 3 (1 st Half)						Year 3 (2 nd Half)						Implementing body
	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Inception Activities:																
0.1 Recruit staff, set up offices																CARE, RDA, ISET
0.2 Sign agreements with implementing partners																CARE, RDA, ISET
0.3 Start-up workshop and signing ceremony																CARE, RDA, ISET
0.4 Translate key documents																CARE, RDA, ISET
0.5 Monitoring and evaluation workshop																CARE, RDA, ISET
0.6 Baseline survey																CARE, RDA, ISET
0.7 Public orientation meetings																CARE, RDA, ISET
Activities for ER 1:																
1.1 Inform farmers in target municipalities																RDA
1.2 Solicit business ideas, from interested farmer groups; short-list 60 farmer groups																CARE, RDA

⁶ This plan will cover the financial period between the interim report and the next report.

Activity, YEAR	Year 2			Year 3 (1 st Half)						Year 3 (2 nd Half)						Implementing body	
	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12		
1.3 Carry out baseline assessments of 60 short-listed farmer groups																CARE, RDA	
1.4 Build capacity of groups to develop business plans and governance structure																CARE, RDA	
1.5 Select and train up to 20 farmer groups for initial support; sign repayable grant agreements																CARE	
1.6 Provide follow-up services to groups supported																CARE, RDA	
1.7 Create revolving fund to receive grant repayments, fund additional groups																CARE	
1.8 Cycle 2: select 23 more groups for grant and investor support																CARE	
Activities for ER 2:																	
2.1 Develop and implement improved GFA governance and organizational structure																	CARE, RDA
2.2 Develop the GFA brand as a trusted umbrella organization for Georgian farmers																CARE	
2.3 Support GFA campaign to raise public and stakeholder awareness on cooperatives' needs and potential to increase food production and rural income																	RDA
2.4 Guide GFA in fostering cooperation among members, public agencies, investors																	CARE
2.5 Facilitate GFA negotiation of favourable terms on services from preferred providers to members																	CARE
2.6 Connect cooperatives supported by other implementers to GFA																	RDA
2.7 Foster strong ties to international expertise on cooperatives and policy																	CARE
Activities for ER 3:																	

Activity, YEAR	Year 2			Year 3 (1 st Half)						Year 3 (2 nd Half)						Implementing body
	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
3.1 Hold periodic stakeholder workshops to harmonize approaches to cooperatives' development																CARE
3.2 Analyze existing policies on cooperatives and develop evidence-based policy options																CARE, ISET, RDA
3.3 Help GFA consult members' positions on current issues and prepare advocacy strategies																RDA
3.4 Guide negotiation of framework agreement between Government of Georgia and GFA																CARE
Activities for ER 4:																
4.1 Establish Online Marketplace to promote participation of outside investors linking to farmers' business ideas																CARE
4.2 Lobby financial entities to extend credit coverage to farmer groups																RDA
4.3 Develop technical assistance service provider networks to access specialized expertise																CARE
4.4 Make annual awards to innovative business partnerships: farmer groups and investors																CARE
4.5 Conduct scientific studies of economic behaviour and organization across the project area																ISET
4.6 Set up a market price information service for GFA members																ISET

3. Beneficiaries/affiliated entities and other Cooperation

3.1. How do you assess the relationship between the Beneficiaries/affiliated entities of this grant contract (i.e. those having signed the mandate for the Coordinator)? Please provide specific information for each Beneficiary/affiliated entity.

CARE and the partner organizations have built a strong partnership that capitalizes the added value of each organization for a better implementation of project activities. The effective joint work of the partner organizations is highlighted in the operation of the field office in Samtredia, where CARE and RDA teams are working together on the implementation of activities related to the identification and support for business-oriented farmers groups. The project has established different levels of coordination based on the different outputs and results. Therefore, besides the general coordination meetings involving representation from all the partners organizations, there are weekly field coordination meetings in Samtredia, bilateral bi-monthly coordination meetings (CARE-ISET, CARE-RDA, CARE-GFA) and thematic coordination meetings based on specific outputs, as for instance the meetings involving CARE-ISET-GFA addressed to coordinate the activities as the market price system and actions for policy recommendations, which require joint work of ISET and GFA. CARE has carried out the overall coordination of activities and partners, while taking care of specific crucial aspects of the project as capacity building and technical support to farmers groups, grant system, linkages with markets and communication. RDA is leading the activities related to mobilization of farmers groups and support to the GFA, while ISET is leading the research activities, the market price system and have put in place the M&E tools for cooperatives. The three partner organizations are also represented in the selection of the cooperatives that will receive support from the project.

Besides project implementation, the partners are fulfilling the reporting responsibilities and therefore, as it's established in the sub-grant agreements between CARE and partner organizations, RDA, ISET and GFA submit periodic financial and narrative reports to CARE which are essential for CARE's reporting and for a proper monitoring of implementation of activities.

3.2. How would you assess the relationship between your organisation and State authorities in the Action countries? How has this relationship affected the Action?

CARE and the partner organization in the project have actively collaborated with the ACDA. This collaboration hasn't been limited to exchanging information during the monthly coordination meetings organized by the ACDA and fomented by the EU Delegation. Besides the provision of as many data as required by the ACDA and by the FAO (specifically by the FAO team providing technical support to the ACDA and to the Ministry of Agriculture) there have been specific outputs resulting of this cooperation, such as the development of the FAQ brochure for agricultural cooperatives. CARE and partners have provided consolidated feedback to the proposal of amendments to the law on cooperatives and to the programs for supporting dairy and beekeeping cooperatives. Besides, the project has supported the ACDA in providing information to farmers with regards to the cooperatives law. Also, representatives from ACDA have supported the project during the mobilization process and for the provision of specific information about cooperatives in meetings for short-listed applicants.

The communication with the Ministry of Agriculture has been taken place through the quarterly ENPARD stakeholders meetings, where CARE and occasionally the partners update about progresses and main approaches in project implementation. CARE and GFA have also been involved in providing feedback to the Ministry of Agriculture on the Strategy for Agricultural Development in Georgia through the Georgian Alliance of Agriculture and Rural Development (GAARD). Moreover, during the reporting period GFA has consolidated its role as main representative of farmers' interests and interlocutor for the Georgian Government in policy making regarding agriculture and farming.

Besides these relations, which take place at central level, the project is working closely with the staff from the Ministry of Agriculture based in the project target area. The members from the RICCs have participated in different trainings and field visits organized by the project. At the same time, RICC representatives are a main support for the mobilization team in the identification of farmers groups operating in the target area, and for the establishment of initial contacts with farmers.

The communication with local authorities (Gamagebeli and community leaders) in the whole target area has been truly fruitful. CARE and its partners have met the local representatives from each one of the target municipalities regularly, to update about the progresses in project implementation, and together with project beneficiaries to request specific support for facilitating the cooperatives' operation (for instance, as in the case of one of the tea cooperatives, through improving access to gas supply).

3.3. Where applicable, describe your relationship with any other organisations involved in implementing the Action:

- *Associate(s) (if any)*
- *Sub-contractor(s) (if any)*

During the reporting period 2 sub-contractors have been engaged in project activities, both of them recruited after an open tender process:

- GORBI, recruited through ISET for the implementation of the baseline assessment. The questionnaire was designed by ISET team with CARE's support, and GORBI agricultural experts supported on fine-tuning the questions for a proper implementation. The survey was conducted between June and August 2014 in the whole target area. Approximately 400 interviews were conducted with someone knowledgeable about the household's economic situation in each one of the 7 target municipalities (2,802 households in total). GORBI provided clean data to ISET who wrote the final baseline report.
- The Center for Training and Consultancy (CTC) has been contracted for the delivery of trainings on business planning and organizational development to short-listed farmers groups, and the training on accounting and taxation and advanced organizational development for selected cooperatives. The training programs were designed in cooperation with CARE, based on the requirements established in the ToR. During CTC's work in the project, the quality of the trainers and the training programs, and the high degree of flexibility regarding schedule and location of trainings have been proven. The involvement of a CTC representative in the committee for selecting the cooperatives to be supported by the project has allowed a continuous upgrade of the training program in order to adapt it to the needs of applicants identified during the assessment of the business plans.

- ***Final Beneficiaries and Target groups***

The support to farmers and farmers groups from CARE and partners is focusing on the main project aims, going beyond the project activities in facilitating contacts – from experts, potential buyers or suppliers –, supporting the establishment of linkages and providing information for instance, about different supporting programs and agricultural techniques, relevant for improving the productivity and incomes of farmers in the target area. The project has paid extreme attention to the communication with farmers groups, particularly with the ones involved in the competition schemes, to ensure a proper understanding of the project processes. Therefore, the project has timely informed applicants about the status of their application, about the reasons for not being selected and the recommendations for improvement in further stages. The continuous presence in the field, guaranteed through the project offices in Samtredia and in Ozurgeti, has been essential for a closer contact with farmers groups and project beneficiaries.

At the same time, the fact that most part of CARE and a big part of RDA teams are based in Samtredia has challenged a proper coordination with GFA, particularly during the 1st stages of project implementation. However, thanks to the exceptional communication flow among partners and between the partners and GFA and thanks to the clarity regarding project aims, the degree of collaboration among partners for providing adequate support to the GFA has allowed an improved planning and implementation of project activities, determining in many cases better outcomes than foreseen in the project proposal.

- ***Other third parties involved (including other donors, other government agencies or local government units, NGOs, etc.)***

CARE and its partners maintain a very active cooperation with the ENPARD Communications Unit, providing information related to the project and facilitating the contact of this Unit with cooperatives in the project target area. As an example of this cooperation the participation of the cooperatives supported by CARE Consortium in the cooking TV program organized by the ENPARD Communications Unit, and in the students' internship program should be mentioned.

The coordination meetings and the thematic working groups – gender, procurement and M&E working group – within the ENPARD consortia have allowed an outstanding degree of collaboration and definitely an improved performance of ENPARD as a whole.

3.4. Where applicable, outline any links and synergies you have developed with other actions.

Although the high degree of engagement among the ENPARD consortia regarding coordination and information exchange has been already established throughout the report, specific outputs and synergies as a result of this cooperation should be highlighted. This would be the case of the Training of Trainers on organizational development for cooperatives organized jointly by CARE and Mercy Corps consortia, delivered by DGRV in April, 2014; and the participation of CARE and ISET team members in the 2 days workshop on organizational development organized by Oxfam on November, 2014, for the definition of a common tool for M&E the progress on organizational development in cooperatives.

Other synergies, as the involvement of the cooperatives supported by each consortium in the relevant fora organized by any ENPARD consortium, have been already described above. The cooperatives supported by CARE consortium have also participated in the exhibition organized in the frame of the EU Day celebration in Kutaisi (9th May, 2015), led by PIN.

CARE consortium is cooperating with the project “Farmer to Farmer” implemented by ACDI-VOCA and addressed to the provision of expertise from USA to farmers in Georgia through volunteers. As a result of this cooperation, in July 2015 the 2 trout producer cooperatives (Kulbaki and Samegobro 2014) received the assistance from an American expert and trout producer. This technical consultation had no cost for the project. In order to improve the consistency of the assistance, CARE Consortium engaged in this consultation the local expert, member of CARE's network of expert, responsible of providing technical support to these cooperatives.

3.5. If your organisation has received previous EU grants in view of strengthening the same target group, in how far has this Action been able to build upon/complement the previous one(s)? (List all previous relevant EU grants).

A recent precedent in the project target area of a similar action implemented by CARE and supported by an EU grant is the project “Strengthen community-based initiatives for poverty reduction in Racha-Lechkhumi” (also known as COMBI) implemented in 5 communities of Tsageri and Lentekhi municipalities between 2009 and 2011, aiming at reducing poverty through improved CBO, NGO and local government services and structures. The main activities of this project were related to improving extension services, developing demo-plots and facilitating the cooperation among communities and

local authorities for the design of community development plans. The knowledge gained on mobilization of local communities and farmers through the implementation of COMBI project has been incorporated to the current Action. At the same time, the fact that CARE and the EU were acknowledge in Tsageri and Lentekhi as main actors in development and specifically agricultural development thanks to the implementation of COMBI has facilitated the project operation in the 2 municipalities. Up to now, none of the beneficiaries from these municipalities in the current Action have been linked to COMBI.

4. Visibility

How is the visibility of the EU contribution being ensured in the Action?

CARE and its partner organizations make sure the EU and ENPARD logo are being displayed in every visibility material produced by the project, such as banners and brochures, either those produced for the project, those developed with the ACDA or those generated for the beneficiaries (GFA and selected cooperatives) for marketing purposes. All the equipments purchased with project funds for project operation – laptops, printers, cars – and the goods for the cooperatives supported by the project have stickers with the corresponding logos. All the articles written and published by ISET (and supported by the project) either on the web or in different printed media include the logos and the disclaimer. The project has provided signboards for the first 10 cooperatives selected to receive support, containing the name of the cooperative, the sector and the logos of donors and implementers, and they will be placed on visible locations. The EU and ENPARD logos are also placed on every presentation delivered by CARE consortium, in the communiqué after the Tea Stakeholders Forum and in the application forms for business idea and business planning.

The cooperation with the ENPARD Communications Unit is very fruitful and every action with a certain visibility component CARE and its partners have counted on ECU's advice and support. Besides, the project communications and procurement officer writes articles about different activities and events organized in the frame of the project which are later on posted in CARE and partners' sites and in the ENPARD website.

The European Commission may wish to publicise the results of Actions. Do you have any objection to this report being published on the EuropeAid website? If so, please state your objections here.

No.

Name of the contact person for the Action:

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Signature:

Location:

Date report due:

Date report sent:

5. List of annexes

Annex 1	List of selected cooperatives
Annex 2	Baseline assessment – CARE Consortium
Annex 3	Summary from baselines conducted by the 4 ENPARD Consortia
Annex 4	Business idea application form
Annex 5	Business plan application form
Annex 6	Annual cooperative assessment
Annex 7	Direct beneficiary assessment (Cooperative members)
Annex 8	Market price system – Form for enumerators (in Georgian)
Annex 9	Annual report – GFA 2014
Annex 10	GFA – Strategic plan
Annex 11	GFA – Working plan
Annex 12	GFA – Projected budget
Annex 13	Communique – Stakeholders' Forum on the Tea Sector