

ANNEX VI INTERIM NARRATIVE REPORT

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List of acronyms used in the report

ACDA	Agriculture Cooperatives Development Agency
ADEPTA	Association for the Development of Exchange in Agro-food Products and Techniques
AFD	Agence Française de Développement (French Cooperation Agency)
APMA	Agricultural Projects' Management Agency
AYEG	Association of Young Economists
CBO	Community Based Organization
CTC	Center for Training and Consultancy
DCFTA	Deep and Comprehensive Free Trade Area
DGRV	German Cooperative and Raiffeisen Confederation
ECU	ENPARD Communication Unit
EPRC	Economic Policy and Research Centre
EUD	EU Delegation to Georgia
FAQ	Frequently Asked Questions
GAARD	Georgian Alliance of Agriculture and Rural Development
GFA	Georgian Farmers Association
GIPA	Georgian Institute of Public Affairs
ICC	Information and Consultation Centre
ISSET	International School of Economics at Tbilisi State University
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MSME	Micro, Small, and Medium Enterprises
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: 01/10/2015 – 30/09/2016
- 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):

2. Assessment of implementation of Action activities

2.1. Executive summary of the Action

The activities concerning the mobilization, selection and training of farmers groups and agricultural cooperatives have an increased effectiveness and the target of 40 selected cooperatives has been reached in the implementation period. By the end of this period, 32 of those cooperatives have agreements with CARE, out of which only 8 have some pending procurement. Considering the number of business idea applications received in the frame of the 3rd and 4th competition, the percentage of success is much higher (almost double) than in previous competitions which is indicative of a more effective identification of farmers groups with potential, an improved communication from the project side and therefore an increased awareness of local farmers regarding cooperation and the objectives of the action. 43 short-listed cooperatives from the 3rd and 4th competition have been trained on organizational development, business planning, technical aspects on agricultural production and fundraising and grant writing.

The technical assistance on agricultural aspects to selected cooperatives is continuing. This component is getting an increased importance. The CARE agronomist together with experts on the

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.

specific value chain is designing production plans which include guidelines on the production cycle in order to ensure a high level of productivity. Furthermore, the assistance on accounting and taxation has been a key aspect in the support to cooperatives. Although with certain challenges in the process due to the lack of accounting records in most cooperatives, the assistance is being very fruitful and by the end of the period most cooperatives with operational businesses have an accounting system in place and are fully aware of taxation issues.

The cooperation with other ENPARD stakeholders is effectively taking place, and the different consortia have cooperated in advocacy purposes through several sectoral fora, in the implementation of the cooperative assessment survey elaborated by the M&E Working Group and in improving the capacities of ICCs.

A marketing and branding strategy for GFA has been developed. GFA has upgraded its staffing structure and is providing free services to its members, such as agricultural advices, market price information, support with land auctions, brokering contacts with marketers and suppliers. GFA's governance structure is under improvement and new consultancies and the implementation of the 1st general assembly will take place before the end of 2016. GFA is working towards financial sustainability through applying to donor funds for the implementation of projects; while it keeps consolidating its relevant role in farming and agriculture policy making.

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).

With the existing data it's possible to report an increase in productivity of 74%. This information is based on the cooperative level survey conducted over 17 cooperatives in 2015 and 2016 (data from 2014 and 2015 respectively). Out of these 17, 4 cooperatives (which are non start-ups) reported an increase of more than 100%.

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, as well as the staffing structure, have been improved based on GFA's strategic plan. GFA has been providing free services to members during year 3.

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).

Policy environment: 89% of respondents (members of selected cooperatives) consider that there are now more programs for supporting agriculture than before, and 88% consider that the environment for start-up business in farming is better than before.

Access to inputs: Inputs like land, equipment, or experts are being in overall assessed as better than average. Only access to irrigation systems keeps being assessed as a "close to unavailable or unaffordable input".

Access to markets: Beneficiaries show a high level of satisfaction with available markets for selling their products. The overall score concerning potential buyers given by respondents is 7.6 (ranging from 1 "cannot find any buyer for the cooperative products" to 10 "there are many potential buyers").

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

As it was foreseen, the target number of 40 selected cooperatives has been reached during the reporting period due to an increased effectiveness in the implementation of the competition cycles. Even though the target number of 40 cooperatives was reached, some budget remains because the average amount for the support of the cooperatives was 21,000€ instead of 30,000€. In order to use the total amount foreseen for co-financing cooperatives, the project decided to launch a new competition.

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 clear and among the 40 selected cooperatives there are 19 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.

By the end of the reporting period the average number of members per cooperative is 13 and the total number of members is 435² (37% of them are women). In many cases, cooperatives with only 5 members³ at the time they were selected have enlarged consistently thanks to the support and coaching provided by the project team. At this moment, only specific value chains (greenhouses and trout production) keep a relatively low number of members. The improved understanding of cooperation, 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 will be kept as main 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 is being a key aspect in the assistance to cooperatives during the reporting period. The implementation of a proper accounting system is allowing the project beneficiaries to improve their business operation, calculate profits and plan their investments, while allowing the project to have a clearer understanding on the actual impact of the support to cooperatives regarding production and incomes. The new regulations on food safety have been also a relevant field in the project assistance particularly in some specific value chains. Expectedly, this field will get a more predominant role during the next period. 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 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 either the cooperatives are in an initial stages of their business plan implementation or they are already able to sell their products for a good price to their existing buyers. As it's foreseen, the assistance on marketing issues will increase its relevance in the last period of the project. 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 facilitation of access to potential investors has been slowed down given the existence of project resources enough to cover the current needs of investment. In any case, an interactive system for facilitating the contact between cooperatives and investors will be established in the 1st semester of 2017.

² With the remaining agreements it's expected to reach approximately 600 members, which is the total number of beneficiaries foreseen in the proposal. Given that during the contracting period there might be some changes, the number of members for those cooperatives without agreement is not included in the report.

³ Minimum required in lowlands as per the law on cooperatives.

The great cooperation within the M&E working group - led by CARE consortium through ISET - has allowed the upgrade and proper implementation of the cooperative level assessment in the whole ENPARD area. The results of this assessment will serve as the evidence needed for further advocacy actions by the consortium and by all ENPARD stakeholders. This information, together with the information from the direct beneficiary questionnaire (exclusive from the project and also upgraded during the reporting period) and the constant monitoring by the project team are allowing the project to be more efficient in providing the necessary support to cooperatives.

The 2nd main target group/beneficiary of the project, the GFA, has been the object of several supporting measures: the development of a marketing and branding strategy, the reinforcement of the staff structure, the improvement of capacities and networks through participation in international events, and the development of services for GFA members, among others. As a result of the improved internal capacities, GFA has been awarded for the implementation of several projects having farmers and rural communities as main beneficiaries, which is being a key aspect for guaranteeing its financial sustainability. Given the improved access to funds through this mean, the possibility of providing services to members for a fee is not considered at this moment as a source of finance for GFA. In order to consolidate GFA's financial sustainability, the support to RDA positions seconded to GFA has been extended for 1 more year and will finalize by the end of June 2017, moment from which the whole GFA staffing structure will be maintained with GFA own funds. In the following period, the action will work on improving GFA governance through the establishment of a general assembly and counting with the technical support on organizational issues from COPA-COGECA. 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 dialogue related to farmers and cooperatives.

A.0 Inception Activities

The inception activities were completed during the previous reporting period.

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.

With the existing data, which correspond to 2 years of annual assessments over 17 cooperatives, an increase in productivity has been measured by over 85% over the baseline.

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 started in February 2016. During the reporting period 6 cooperatives selected during the 1st competition have started repayment. There will be 5 cooperatives more contributing with the repayments by the end of the year 3. 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 32 cooperatives selected and with agreement since the beginning of the project are implementing their business plans and 22 of them are generating revenue for their members. In the other cases, either the cooperatives are just initiating the business operation or are in a productive (not selling) phase.

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

Among 32 cooperatives - selected and with agreement - 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.

In the last quarter of 2015 a new information campaign and competition scheme for best business ideas was launched (4th competition). Before launching the competition, the project requested the addition of Martvili – up to that moment not covered by ENPARD – to the project target area, which was finally acknowledged and approved by the EUD in November 2015. As in previous schemes, the information campaign was preceded by meetings with local authorities and Information and Consultation Centers (ICCs) in the whole target area. The information campaign had the focus on the farmers groups/agricultural cooperatives already identified by the project and registered in the project database (approximately 30 farmers groups and cooperatives) although the project ensured the information was reaching all the interested farmers. Guidelines for competition, application forms and municipal meetings schedule were uploaded in ENPARD website and partners sites, and also displayed at informational boards in administration buildings and ICCs. In municipal meetings, brochures developed and published in cooperation with the Agricultural Cooperatives Development Agency (ACDA) were distributed among participants containing FAQs and main aspects on the Georgian Law on Agricultural Cooperatives. The submission of business idea applications was finalized on 16th January 2016.

The information to farmers is an ongoing process, and besides the meetings organized in the frame of the competition, the mobilization team is 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 and competition schemes.

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.

The competition process, the business idea application form and the selection criteria were shared with farmers and explained in detail through the meetings. Martvili and Lentekhi municipalities, which were added to the project target area in last 2 competitions, required a higher number of general meetings in order to increase general awareness on the cooperative movement and ENPARD.

	4th Competition
Meetings A.1.1 and A.1.2	20
Participants in the meetings ⁽ⁱ⁾	294
Percentage of women	11%
Period of application	16 th November 2015 – 16 th January 2016
Applications received	37
Applications short-listed	23

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

The percentage of women in the informational meetings keeps being low also in the 4th competition. The project decided not to conduct specific meetings addressed to women given that in previous informational campaign this system didn't prove to be effective for increasing women participation as applicants. 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.

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 business idea application form was kept with the same questions and criteria after the improvements made in the 3rd competition, given that it had been proved as a very useful tool for selecting the applicants with proper cooperation and business mindset. 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 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 partner organizations. The results of the selection and the recommendations were discussed and agreed with the project direction. 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 selection⁴.

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

The project has been conducting 2 main assessments over the selected agricultural cooperatives:

- The Direct Beneficiary survey (individual level), which is conducted on each member of the selected cooperatives in 2 different occasions – at the moment the cooperatives are selected and at the end of the project
- The Cooperative Level survey, which is conducted on each cooperative on an annual basis and obtains information on the cooperative level

The Direct Beneficiary questionnaire has been upgraded by CARE consortium M&E Coordinator in cooperation with ISET team (see Annex 1). During the project period, the upgraded version has been

⁴ As it was explained in the previous annual report although the activity 1.2. was initially planned to take place only once during the 1st semester of the project implementation, given the quality of the applications and the shallow understanding of cooperation in farming by a high percentage of applicants it was necessary i) to pre-select a reduced amount of business ideas in the 1st competition and ii) therefore to open more competition schemes throughout the project implementation.

used for the cooperative members selected in the 2nd and 3rd competition rounds. Due to the high number of cooperative members to be interviewed, and the impossibility to do timely surveys counting only on project staff, 17 enumerators were trained and hired to conduct the surveys. These enumerators are students and researchers (not working for the project) from ISET. 151 cooperative members from 18 cooperatives, which mean the 74% of total number of members of those cooperatives, were interviewed in 2 days (27-28 May, 2016).

The Cooperative Level survey has been also upgraded by the M&E Working Group led by CARE Consortium through ISET-PI. The most recent version was finalized in April 2016 (see Annex 2). The changes in the questionnaire were addressed to solve some issues on understanding of questions by respondents and enumerators. Also, a question on the benefits of cooperation was included.

As it was agreed by the ENPARD consortia represented at the M&E Working Group, each consortium would use the same Cooperative Level survey to assess the selected farmers groups. The information collected through these questionnaires is being 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. Under this function, ISET has been conducting personalized consultations with each consortium in order to solve some issues related to the consistency and common understanding of the survey. Besides, ISET is developing reports and analysis with the main findings from the whole ENPARD target area using the data from the 4 consortia. The 1st comparative report (comparing data from 2014 and 2015) will be ready by the end of 2016.

As it was reported previously, 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 project decided to do the survey only with selected farmers groups. The possibility of conducting the same survey on a sample of cooperatives not supported by the ENPARD consortia is being considered, in order to be able to extract conclusions about the impact of ENPARD on the cooperative development.

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 took place from the end of 2014 till October 2015, and the collected data corresponded to 2014. The 2nd annual survey took place from March to April 2016 while the data corresponded to the reporting period 2015. New annual surveys will be conducted till December 2016 and the data will correspond to the reporting period 2015, while the data collected from January to February 2017 for all cooperatives will correspond to the reporting period 2016.

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. At least 3 members of each one of the farmers groups and cooperatives short-listed in the 3rd and 4th competition have passed through a 7 days capacity building cycle. 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.

	3rd and 4th Competition
Field Assessment	Half day
Grant application and fundraising	Half day
Business Planning	3 days

Organizational Development for Cooperatives	2 days
Technical (agricultural) workshops	1 day
TOTAL	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 CARE agricultural expert. 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 is not considered anymore for further stages in 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 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 curriculum has been upgraded in cooperation with the project team taking into account the lessons learnt from previous training cycles.

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, the Georgian Law on agricultural cooperatives;
- 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 preparation of the technical workshops has been done by the CARE agricultural expert (technical support network coordinator) and by 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 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 and quality standards are also main topics in the technical workshops. The topics of the technical workshops are related to the fields of the short-listed applications and therefore, in the 3rd and 4th competition the project organized workshops regarding the following sectors: hazelnuts, bay leaves, viticulture, strawberries, crops, fisheries, beekeeping, dairy production, dry fruit, poultry, greenhouse and refrigeration & storage. The description of the technical aspects of the business is an integral part of the business plan application form.

The grant application and fundraising trainings are 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
3rd Competition	4x grant application and fundraising (half day)	24 th -25 th September, 2015	Samtredia	37 farmers	19%
	3x business planning (3 days)	28 th September – 12 th October 2015	Ozurgeti Senaki Kutaisi	74 farmers	21%
	3x organizational development (2days)		Ozurgeti Senaki Kutaisi		
	8x technical workshops (1 day)	23 rd – 30 th October 2015	Samtredia Tsageri Abasha	35 farmers	20%
3rd Competition	3x grant application and fundraising (half day)	1 st April 2016	Kutaisi	30 farmers	23%
	3x business planning (3 days)	9 th – 22 nd March 2016	Ozurgeti Senaki Martvili	83 farmers	29%
	3x organizational development (2days)		Tsageri Kutaisi		
	6x technical workshops (1 day)	22 nd February – 4 th March 2016	Tsageri Samtredia Zugdidi	31 farmers	23%

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 ICCs 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.

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

Given that activity A.1.5 and A.1.8 describe the same processes related to selection and training of farmers groups and cooperatives, both activities will be jointly reported in this section.

Before the 4th competition, the business plan application form was reviewed, taking into consideration the analysis of the effectiveness of the form in previous competitions. As a result, a question on shares and assets distribution was added and the scores for the section on the description of the production cycle (technological map) were increased.

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
- 25 points for financial plan
- 5 points for repayment schedule

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). Nevertheless the project gives priority to applications involving a higher number of farmers, although taking into consideration the fact that for certain specific value chains, the benefits of cooperation can be already perceived with a lower number of members (for instance, in the case of greenhouses and trout production). Also, only producer farmers groups and processors with enough own production are considered as eligible due to the limitations established by the above mentioned law⁵. The project is also considering the proportion between the number of members and the contribution requested from the project, so in overall only the groups with a relatively high number of members would be able to request the maximum contribution amount allowed by the project. This factor has to be taken into account carefully, given that for certain agricultural activities the amount of investment to allow a feasible business operation is necessarily high.

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)
- M&E Coordinator (CARE)
- Cooperative Development Coordinator (RDA)
- Researchers (ISET)

Additionally, the committee requested technical advice on specific value chains from other agricultural experts involved in the technical workshops.

The results of the selection (scores and recommendations) were discussed and further actions were agreed with every applicant. The project added the interviews with selected applicants as a necessary

⁵ In the case of processing cooperatives, the raw production to be processed by the cooperative should come mostly from the members, and only 30% of the turnover can be purchased from non members.

step to i) confirm the knowledge of the applicant regarding the proposed business plan⁶ and ii) reach a common understanding of the next steps in the contracting process, as the elaboration of the agreement and initial procurement actions.

Selection process:

Every business plan is jointly assessed by the selection committee using the scoring system established in the application form 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.

	3rd competition	4th competition
Business Idea Applications received	35	37
Business Idea Applications short-listed	22	23
Applicants voluntarily withdrawing from competition at training stage	7	5
Business Plan Applications presented	15	18
SELECTED APPLICATIONS	12	14
Withdrawing after selection	1	2
FINAL NUMBER OF SELECTED APPLICANTS	11	12

At the end of the reporting period, the total number of cooperatives selected to receive support from the project is 40, and the number of agreements already signed is 32 (see Annex 3). The remaining agreements are in process and expect to be completed before the end of 2016. The delay in the signature of some agreements is mainly due to the following reasons:

- Difficulties related to acquiring the ownership of the land where the main agricultural activity and investment are going to take place
- Delays in the approval of loans required in some cases by applicants for fulfilling the cash contribution committed to the project
- The existence of state programs in specific sectors (dairy program launched by ACDA, for instance) that provide assets under more favorable conditions than the project. In these cases the project has been waiting for the result of the program in order to define the complementing support that can be provided

⁶ It's assumed by the project that in several cases the applicants have paid to service providers for the elaboration of the business plan. This practice is not encouraged by the project but it's difficult to be controlled or even proved. The addition of interviews to applicants as a stage in the final selection is addressed to verify that, even in the cases where this happens, the applicant is fully aware of the contents of the application and has a deep understanding of the business itself.

As an innovation from the previous competitions, in the case of the cooperatives selected under competition 3rd and 4th, CARE Consortium is requesting the co-financing contributions to enter the project account⁷. This has allowed an exceptional reduction of time and resources needed for monitoring the proper fulfilment of cash contribution by the selected cooperatives in previous competitions.

Given the average amount of grant spent per cooperative (~ 21,000 EUR, calculated considering the 32 cooperatives with agreements), although the targets regarding number of beneficiaries and number of cooperatives are close to be reached, savings can be foreseen in the budget lines addressed to sub-grants for cooperatives. As an immediate strategy for the use of these savings the project will open a new call for proposals in the project target area in the next quarter. This call will be open for those farmer groups which have applied in previous competitions and can participate directly in the business plan competition without going through the idea stage. The call will be also open to new groups given that the project has identified some consolidated farmer groups and cooperatives operating in the project target area. The provision of additional support for specific issues for already selected cooperatives, e.g. strengthening the value chain, eco/agro tourism, innovation and marketing is still considered as a possible measure to be implemented in the last stage of the project. This kind of support will be linked to specific technical assistance provided to the cooperatives in the corresponding fields.

The agreement with the selected cooperatives 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, beneficiaries' 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 implementation⁸. The average repayment period is 3-4 years. The project financial contribution is done through the procurement of the required assets. The selection of vendors and goods is made following EU and CARE procurement rules, taking into account the recommendations from technical experts and also the preferences from the applicants. In most cases the vendor belongs to the project target area⁹. The proper fulfilment of all conditions in the agreement - including cooperative's contribution, implementation of business plan and completion of the payments committed during the project period - are required for transferring the property of the goods contributed by the project to the applicant, which will take place at the end of the project.

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 contributions in order to compensate the higher prices of goods required for the business implementation.

⁷ These contributions will be included as part of the 300,000 € foreseen to be raised from social investors. Both the funds from social investors and from cooperatives will be pooled under the 425,000 € contribution that is labelled in the sources of funding sheet of the budget as coming “from CARE”.

⁸ The 18 months period has been offered as optional and in some cases the cooperatives decided to start repayment earlier than that. Besides, this period had to be adapted due to the fact that several selected cooperatives are starting business operations in less than 18 months before the end of the project. Therefore, it has been decided that the cooperatives should in any case start the repayment – with a symbolic amount (and feasible considering the financial projections) – before the end of the project.

⁹ An analysis of the impact of the Action regarding the activity of local vendors, service providers and technical experts will be added to the final report of the project.

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

The project assessed the proper understanding (and later implementation) of an accounting system as one of the main training needs of cooperatives. Throughout the project implementation most beneficiaries showed a lack of simple accounting practices. In December 2015 the project conducted a training on accounting and taxation but it was not enough to start proper bookkeeping and accounting. Therefore, it was determined by the project team the capacities of beneficiaries need to be improved regarding accounting and taxation using a more complete approach that would include coaching sessions. The Association of Young Economists (AYEG) was selected as consultant for training and coaching the selected cooperatives. Between 29th February and 16th March 2016, 3 days of trainings on accounting and taxation for cooperatives were provided to 54 farmers and accountants from 28 cooperatives selected at that time, in Ozurgeti, Senaki and Tsageri. The first coaching sessions started in April 2016. After a 1st round of coaching sessions and thanks to the close monitoring from the project team, it was clear that this support was not having the expected results due – to a great extent – to the lack of supporting documents for economic transactions, neither related to expenses or incomes. Besides the obvious impact on the business operation, the lack of bookkeeping and accounting systems compromised the capacity of the project to measure the impact of the action on income generation. Also, a proper accounting system and the existence of written records of every transaction would probably facilitate the enlargement of the cooperatives¹⁰. Together with AYEG, the project team established new measures to ensure the effectiveness of the support to cooperatives in this field. As part of the defined measures, the mobilization team under AYEG's guidance supports the cooperatives in the preparation and request of supporting documents. The upgraded assistance has proved to be really effective and by the end of the reporting period, at least 17 cooperatives have all the documents in place. In order to facilitate the assistance to the cooperatives after the end of the project, the project is identifying local accountants. It is planned to involve these accountants in the assistance provided by AYEG so they will improve their capacities on accounting for cooperatives and will therefore be able to provide this assistance in the future. At this moment, a local accountant (also member of one of the supported cooperatives and already capacitated as trainer by Evoluxer's ToT on accounting) is assisting all cooperatives in Tsageri and Lentekhi with accounting and taxation. The same approach is planned to be used for the cooperatives in Guria and in Samegrelo regions and the project is currently searching for local accountants.

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 ICCs in the target municipalities. Whenever an expert had to visit the beneficiaries, the ICCs have been invited to participate in the technical assistance sessions, as complementing assistance and/or to improve their capacities in the specific field thanks to the interaction with the expert.

Experts on soil, roses, wine production, food safety standards on dairy production, goats and rabbits breeding, strawberry production in greenhouse, beekeeping, dried fruit production, sheep breeding and tea rehabilitation have been engaged to support the selected cooperatives.

¹⁰ Trust among cooperative members is a main factor related to the size and the organizational development of the cooperatives. In a high percentage the members of the cooperatives are relatives, friends or neighbours, which indicate the need of a high trust. Besides the cultural factors related to this, the trust among members could also explain the fact that most cooperatives in Georgia are not keeping records of incomes and expenses. Therefore, the implementation of a bookkeeping and accounting system would help the enlargement of cooperatives (with farmers not belonging to their inner circles).

Technical Assistance ⁽ⁱ⁾	Date	Location	Visits	Cooperative
Soil testing	October 2015	Lanchkhuti	2	Aketi 35 ⁽ⁱⁱ⁾
Wine processing	October, November 2015. September 2016	Tsageri Tbilisi Chokhatauri	9	Dogurashi Bukistsikhe
Dry fruit production	October 2015, July 2016	Lentekhi	4	Tabgaal
Goats production	November, December 2015. April 2016	Senaki Martvili	4	Tsizeti
Production of roses in greenhouse	February, March, June 2016	Abasha	3	Vardi 2014
Poultry	March 2016	Senaki	1	Gejeti
Strawberries	April, June, August 2016	Senaki Chokhatauri Tbilisi	6	Eleksiri DK Kolga Zaneli
HACCP ⁽ⁱⁱⁱ⁾	September 2016	Samtredia	3	
Flour production	September 2016	Tbilisi	1	Laiti
Mushroom production	July, September 2016	Abasha Chokhatauri	3	Amagleba Sokos Sakhli
Tea rehabilitation	September 2016	Ozurgeti Chokhatauri	4	Nagomari Guria Compani
Beekeeping	July 2016	Samtredia Tbilisi	2	Otsneba Jalagona Nektari
Milk processing	May, June 2016	Tsageri Gori	2	Tsikara Chrela
Rabbit production	June 2016	Ozurgeti	1	Akhali Gurianta

- (i) This list also includes the technical assistance linked to procurement
- (ii) Due to the result of this consultancy, the cooperative Aketi 35 had to withdraw from the competition, given that the soil of their land was not suitable for blueberry production
- (iii) This technical assistance helped the selection committee to make decisions regarding the selection of and recommendations to several cooperatives

Besides, these experts have supported the project during the procurement process, providing recommendations on budgets and technical specifications of the requested assets. The opinions from the experts are a key factor in the decision making and their written conclusions are filed as part of the dossiers in the bidding processes.

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 and the project is already planning to provide a more systematic support in these fields.

The mobilization team has been coaching the beneficiaries regarding organizational issues and compliance with Georgian legislation – particularly with the regulations defined in the Law on Agricultural Cooperatives. In order to increase the project capacity to provide adequate support to the

cooperatives, most team members have attended the trainings organized by Evoluxer on Organizational Development and Business Planning¹¹.

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. The following activities shall be highlighted:

- The participation of selected cooperatives in a food fair in Nokalakevi (Senaki municipality) on 1st November, 2015 (see relevant information at <http://enpard.ge/en/celebration-of-egrisoba-in-senaki/>)
- The participation of selected cooperatives in the 2015 Agricultural Exhibition in Tbilisi that took place between 18th and 20th November 2015. The cooperatives Chibati, Chrela, Soplis Imedi and Bakhvi Tea participated and had the chance to sell their products. Also, GFA had a space in the exhibition which allowed the provision of information to farmers.
- Participation of selected cooperatives in a fair in Ozurgeti in September 2016 (see relevant information at <http://enpard.ge/ge/enpard-%e1%83%98%e1%83%a1-%e1%83%a1%e1%83%90%e1%83%a1%e1%83%9d%e1%83%a4%e1%83%9a%e1%83%9d-%e1%83%a1%e1%83%90%e1%83%9b%e1%83%94%e1%83%a3%e1%83%a0%e1%83%9c%e1%83%94%e1%83%9d-%e1%83%99%e1%83%9d%e1%83%9d/>)
- In cooperation with GFA and ADEPTA (Association for the Development of Exchange in Agro-food Products and Techniques), representatives from 5 cooperatives supported by CARE Consortium – Nergebi, Vardi 2014, Shamatia, Dogurashi and Bukistsikhe 1811 – participated in the exhibition that took place in Angers (France) between 10th and 15th January 2016. As part of the trip, the cooperatives had the chance to visit companies and cooperatives operating in their sectors. As a result, the Georgian cooperatives established linkages with potential buyers in Europe.

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 action. Only the funds contributed by the project (not the cooperatives' contribution) shall be returned by the beneficiaries.

During the reporting period, starting in February 2016, almost 10,000 EUR have been received from 6 cooperatives selected in 1st competition scheme. The repayment schedule (period of payment and amounts) was defined by each cooperative and it's an integral part of the Sub-Grant Agreement between CARE and the beneficiaries. The project had to negotiate new repayment terms for few cooperatives due to unexpected setbacks in their businesses, such as the sudden decline of market prices or a lowered production because of weather conditions. As a general approach, the project has encouraged the payment of smaller monthly amounts, feasible for the beneficiaries considering the business results. The project is counting on legal assistance and will count on the support from CARE international expertise to develop a sustainable management system which should be properly defined before the end of 2016 and tested in 2017. The creation of 2nd level cooperatives offering financial services to their members, and the engagement of GFA as an angel investor are some of the options currently considered by the project for the future management of the revolving fund. Irrespective of

¹¹ In fact, the Cooperative Development Coordinator has become a trainer on Organizational Development and has delivered trainings to cooperatives and ICCs under the request from Evoluxer.

the option finally selected, which in any case will be communicated in advance to the EUD, 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 project will start co-financing cooperatives with the recovered funds at the beginning of 2017, once the selection of cooperatives in the frame of the 5th competition is completed.

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 thanks to being awarded with several development projects. Besides, different options for diversification of the revenue base - provision of agricultural advices, brokering contacts among stakeholders, provision of market information, trainings and legal support - are being assessed based on GFA's new strategic plan and capacity building strategy. The personnel structure of the GFA has been improved during years 2 and 3. The governance structure will be improved after year 3 with the establishment of a General Assembly (or "Farmers' Council) structure.

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. During year 3 these services are being provided but not yet in exchange for a fee.

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 was already accomplished in the previous reporting period. Besides the improvement of capacities within the organization for this purpose, it's still under consideration the establishment of an interactive and user-friendly system to facilitate the connection between GFA members and providers and marketers.

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 933, while the number of collective entities is 246. The variation in both cases, individual members and collective members, means an increase of 230% over the baseline in the case of individual members and 296% in the case of collective entities. The establishment of a General Assembly and a new regional tour, together with the services provided by GFA and the new access through media, will help reaching (and overcoming) the target in the last period of the project.

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

GFA continues the implementation of the Strategic and Work Plans defined during the previous reporting period. Those strategic documents recommended several changes in the staffing and organizational structure that have been put in place and have proven to be essential for GFA's proper operation. Among those changes, already initiated in the previous reporting period, the recruitment of an Executive Director, a data analyst and legal assistance should be highlighted. An Organizational Assessment Report has been elaborated by the organization Partner HollandDoor Cooperatie UA in the frame of the NUFFIC funded project "Enhancing Entrepreneurship and Advocacy in Georgian Agribusiness". This assessment is the base for the revision of GFA Strategic Plan and further changes in the representative structure and staffing of GFA.

The provision of legal assistance to GFA by a law firm has proven to be an essential tool for a proper performance on advocacy-related issues. During the reporting period, the legal assistance has worked on the following fields¹²:

- Legal effects on cooperatives of the amendment in the “Law on Agricultural Cooperatives” (adopted in November 2015);
- Analysis of the Draft Amendments to the “Law on Public Registry” dated 16 December, 2015;
- Analysis and recommendations of draft versions of the agreements between a cooperative and its members/associate members;
- Analysis of potential amendments to the law on cooperatives related to the inclusion of provision of financial services by cooperatives and respective recommendations;
- Analysis of the Law of Georgia on the development of mountainous regions;
- Analysis of the legal basis for non-timber forest products, for which there is an interest from the farmers’ side and the government is planning to introduce licenses for their use;
- Preparation of a proposal for a Memorandum of Understanding between GFA and ACDA;
- Analysis on the amendments of the Tax Code;
- Analysis on the draft laws on local self-government;
- Issues concerning land registry for farmers and cooperatives and analysis of the legislation on land registration;
- Consultation and lobbying for cooperative members regarding simplified rules for the purchase of agricultural land under state ownership;
- Development of the concept of GFA as an angel investor, which is linked to the revolving fund established through the project.

Given the improved access to sources of funding through different donors and the difficulties of getting funds through the provision of paid services to members, GFA and CARE jointly decided to adapt the GFA fundraising strategy and projected budget and start focusing on obtaining funds for the implementation of projects having farmers and rural communities as main beneficiaries. The financial sustainability reached through this system will allow the maintenance of GFA’s structure dedicated to services to farmers as advocacy – which continues being a main aim of the organization, networking and capacity building. The staff added to GFA’s structure together with the capacities acquired through consultancies and trainings, and the continued support on communication and marketing have been crucial for allowing the GFA a better access to development funds. The manuals on administration, accounting and other operational issues have been developed by a specialized agency and are ready in Georgian and English. These manuals (Annex 4) are essential for the internal operation of GFA and are also related to the eligibility of GFA for the implementation of projects.

During the reporting period, GFA has been selected for the implementation of several development projects, and it is still short-listed in several other calls for proposals from different donors. The main projects counting on GFA as a partner or main implementer are the following:

- Project for supporting models of cooperative value chain in Eastern Georgia, with funding from the Austrian Development Agency
- Project with the Agricultural University of Georgia, the University of Limerick (Ireland) and the Georgian Institute of Public Affairs (GIPA) on Capacity Building to Agriculture-Related Education and Research Institutions, also funded by ENPARD
- USAID-funded project under the leadership of Chemonics addressed to develop Micro, Small, and Medium Enterprises (MSMEs) by vulnerable households

¹² An assessment of how the advocacy actions implemented in the frame of the project – either through GFA or any of the partners - have influenced changes in policies and programs will be presented at the end of the project.

With regard to the organizational development of GFA, and as a result of the consultations with members, RDA has applied some changes in the staffing seconded to GFA – which have been formally communicated to the EU. Specifically, an Agricultural Expert (part-time) and a Regional Coordinator for linkages with the regions have started working for GFA in February 2016. At the same time, given that most marketing actions would be implemented through a consultancy in marketing (foreseen in the project budget), it was determined that the position of Public Outreach Officer wouldn't be required any longer. Therefore, both positions together with the Public Outreach Assistant position are covered by the budget initially addressed to the Public Outreach Officer.

The coverage of RDA positions seconded to the GFA was foreseen to be finalized by the end of June 2016. Although GFA financial sustainability is on the right track it was still necessary to prolong the coverage of RDA positions seconded to GFA for 1 more year, as it was communicated to the EU Delegation through quarterly reports and officially in June 2016. This extended supporting period will serve to consolidate the access to enough sources of funding to keep GFA's structure once the support from the action is over.

Before the end of 2016, GFA will organize the 1st GFA General Assembly meeting with the support from the project. The election of GFA territorial representatives ("Farmers Council") is foreseen during this event, which will be a main tool for later advocacy campaigns. At the same time, the project will bring to the event representatives from COPA-COGECA, which is also considered to provide assistance on organizational issues during the 1st quarter of 2017. Based on the training needs assessment, new trainings for GFA staff will be organized which will match with GFA's organizational strategy, strategic and fundraising plans. It's foreseen that before the end of the 1st quarter of 2017 the GFA management team will go through trainings on public speaking and proposal writing.

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

GFA Marketing and Communication Strategy was finalized at the beginning of 2016 (see Annex 5). The consultants in charge of designing the strategy were also responsible of planning and supporting the initial stage of the implementation of GFA's marketing, communications, knowledge management, branding and outreach activities. As part of the initial marketing activities, and directly feeding into the design of the marketing strategy, a regional tour took place all over Georgia¹³ in the last quarter of 2015. The tour had 3 main aims. Given the nature of these aims, this activity should be considered as contributing to the outcomes in A.2.3. and A.3.3.

- To identify problems and challenges faced by farmers and cooperatives, and seek for ways of solving them
- To determine what kind of support farmers and cooperatives need from the GFA
- As a result of both, to compile ideas for a marketing strategy adapted to GFA capacities and farmers expectations

Additionally, detailed information on the projects being implemented for stimulation of the sector was provided and farmers' guidebooks, as well as "Auction Participation Instructions" by the National Agency of State Property were also distributed to all attendants. The regional tour was very successful and it's foreseen to be conducted on a regular basis. The next tour is expected to take place in the 1st half of 2017. After the regional tour, and with the objective of solving the issues raised by farmers and cooperatives during the meetings, GFA organized a meeting with relevant Ministers and counting on the participation of farmers and other main agricultural stakeholders. This meeting is described under activity A.2.3.

¹³ As part of the regional tour, GFA organized meetings with farmers from Guria, Samegrelo, Samtskhe-Javakheti, Kvemo Kartli, Kakheti, Shida Kartli and Imereti regions.

In order to support on the implementation of the Marketing and Communication Strategy, a marketing consultant has been recruited. This support, foreseen in the project proposal, will continue at least till mid 2017.

GFA has created an informal wing of young farmers around Georgia and named it GFA Junior, in order to promote farming and rural livelihoods among the young generation. GFA has supported GFA Junior with the creation of a vision and a mission, as well as the strategic plan.

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

GFA's call center and database management software are fully operational during the reporting period and are 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 been trained and are able to process a high number of incoming and outgoing calls (more than 1,000 a month in certain periods). Apart from the services provided 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 sustainability¹⁴.

As a follow-up to the regional tour described under A.2.2, a meeting with the participation of the government, donors, civil society and farmers took place on 15th December 2015 in Tbilisi to present the findings and discuss the problems identified during the tour. Five ministers and the business ombudsman attended the meeting and responded to the problems raised by GFA on behalf of farmers and cooperatives. The exhaustive list of problems raised by farmers can be found in Annex 6 (pages from 11 to 13). After extensive discussions an agreement was reached to develop a joint strategy for gradual solution of the problems discussed. GFA and the project have followed up the response from the Georgian Government to the issues raised in that meeting and at least 80% of the subjects have been solved or are in the process to be solved.

GFA continues implementing several marketing initiatives, such as letters to GFA members on special occasions and different campaigns (Farmer is a Patriot, Agropreneurs, etc.). Before the end of 2016 it's foreseen to develop farmers' portraits to be published in different media including TV. These portraits are meant to help changing the image of smallholder farmers in society increasing the dignity and respect of smallholder farmers.

GFA updates the information on its website (<http://infogfa.wixsite.com/gfassociation>), in Georgian, English and Russian, and on its facebook site (<https://www.facebook.com/gfa.com.ge/?fref=ts>). The facebook site has become an essential tool for consultations and for the exchange of information between GFA and its members. The website is being upgraded and will be launched before the end of 2016 (www.gfa.org.ge). The new site will include a section on analytics containing analysis and infographs jointly developed by ISET and GFA regarding market price trends, a farmers' voice section, and a market place.

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

During the reporting period, as it has been happening since the beginning of the project, GFA has brokered contacts among GFA members, investors and other relevant stakeholders throughout GFA media - particularly the call center and the facebook site. 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

¹⁴ In fact, 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 up to 900 incoming calls from beneficiaries per month.

agricultural supplies such as seeds and seedlings, fertilizers and agricultural equipments, among others. GFA is posting regularly information about auctions (land, machinery) and supports farmers on the bidding process. The role of GFA as a facilitator for farmers in the auction process has been strengthened and there are more auctions posted at GFA's facebook site and an increased number of farmers requesting (and receiving) support in the bidding process. In total, 702 auctions have been posted during the reporting period. 212 farmers received assistance from GFA via their website and facebook site.

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 tool for it (which might be an online marketplace linked to the new GFA website) is developed¹⁵.

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. During the reporting period GFA has participated in more than 100 stakeholders meetings on farming and agricultural issues. 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.

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.

In September 2016, GFA signed a Partnership Agreement with the Agricultural University of Georgia, Free University of Tbilisi and Testing Fields of Agricultural University of Georgia concerning the Establishment of Innovative Curriculums for Industry-led Skills and Workforce Development in Agriculture. GFA will participate in the establishment of a solid system for the development of industry-led skills and workforce through providing experts for the elaboration study materials, enhancement of job placements for qualified graduates, and providing industry practices for students.

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

GFA Strategic Plan prioritizes GFA role as advocate for farmers. At the same time, the provision of services under favourable conditions in exchange of a fee for the mediator doesn't seem as a feasible practice (at least not by now) when working with Georgian farmers. Also, requesting payments to farmers for services whose quality is not ensured or proved might have an eventual effect on GFA's prestige and on how is perceived by farmers. Due to these reasons GFA has been providing several services to GFA members without any payment. Among these services the following shall be highlighted: agricultural advices by GFA's agricultural expert (the agricultural specialist has provided individual consultations to GFA members and has also provided a production schedule/timeline for a high variety of agricultural products), support with the bidding process in auctions, legal assistance on land property issues and market price information. By offering free services to farmers, GFA members can test the quality of the services which might lead to an eventual payment if the quality of the service is appropriate, either through direct payment by the service or through a membership fee. In any case, as it was stated in a previous section, GFA is currently oriented to reach financial sustainability through donor-funded projects, which will allow the coverage of the core GFA structure and services.

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

¹⁵ The development of a mobile and computer application for this purpose is being considered since the onset of the project. This possibility, however, counted on several problematic aspects such as: quality control, payment method (paypal system was not properly operational in Georgia) and distribution/delivery. GFA is negotiating with other entities covering the aspects where GFA doesn't have the expertise, in order to jointly develop this tool.

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 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. GFA has been involved in different meetings and fora organized in the frame of ENPARD, and has been a main agent in the organization of fora by the CARE Consortium. As a result other ENPARD implementers and beneficiaries have a better understanding of GFA's role as advocate and the benefits of joining GFA for farmers and cooperatives.

Throughout the organization of the General Assembly meeting in the last quarter of 2016, GFA will request the participation of the ENPARD consortia and the selection of farmers representing each one of the projects. As members of this structure – which will become part of the governance structure of GFA, these farmers representing the ENPARD projects will be consulted for policy recommendations. Besides, indirectly through this action, GFA will market its member benefits to the other ENPARD implementers and will eventually determine an increase in the number of members.

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

During the reporting period, COPA-COGECA didn't organize any networking event (the annual event for 2016 took place in October 2016). However, as it was requested in the budgetary changes communicated in July 2015, the scope of this activity would be broadened towards other events suggested by COPA-COGECA or organized by other international organizations, which in any case would allow the improvement of GFA's capacities through networking with other similar organizations.

Event	Organizer	Location	Duration	Participants
Civil Society Mechanism Forum and Committee for Food Security Conference	FAO	Rome (Italy)	9 th – 16 th October, 2015	- GFA Chairwoman - GFA Executive Director
Training on DCFTA, EU regulations and standards, export to the EU	EAST INVEST 2 PROJECT	Germany	November 2015	- Cooperative Development Coordinator (GFA Representative for West Georgia)
Civil Society Program at the Annual Meeting of the EBRD	EBRD	London (UK)	11 th -12 th May 2016	- GFA Chairwoman - GFA/RDA Institutional Development Coordinator
4 th Edition of Tunis Forum	Arab Institute of Business Leaders	Tunis (Tunisia)	27 th -28 th May 2016	- GFA Chairwoman - GFA Executive Director

In some cases, the costs were partially covered by the organizers, as for instance in the case of the Tunis Forum (which covered the flight ticket for the GFA Chairwoman) or the training organized by East Invest 2 Project. Also, in the case of the Tunis Forum, the GFA Chairwoman was invited as a guest speaker for one of the panel of the forum, where the main topic of the panel was the liberalization of the agricultural sector under DCFTA. In all these networking events, GFA has acted as well as an effective non official representative of the success of ENPARD in Georgia.

In June 2016, the project communicated to the EU a new increase in the budget lines linked to the networking trips, due to the clear relevance of GFA's participation in international events (and the increased petitions 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, a COPA-COGECA team will get involved in the provision of technical support to

GFA regarding organizational development during the last quarter of 2016 and 1st quarter of 2017. This support will require more frequent trips from GFA management team and from COPA-COGECA supporting team, which will be covered through the existing budget lines for A.2.7.

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.

By the end of the reporting period, 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. Recognizing GFA officially as a partner by the Georgian government might be unfeasible given the current governmental approach regarding establishment of preferential agreements with CSO related to advocacy.

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 discussions and stakeholders meetings related to the revision of legislation affecting farmers and agricultural cooperatives. By the end of 2016, thanks to data compiled through the cooperative assessment surveys, it will be possible to develop policy recommendations based on evidence.

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.

During the project period, GFA has conducted a regional tour involving meeting with farmers from 8 Georgian regions, followed by a meeting with different ministries for advocating for the resolution of the issues raised by the farmers. A new regional tour and meetings with ministries are planned for the end of 2016 and 1st semester of 2017. The evidences collected through the call center and the cooperative assessments will be used for defining policy recommendations that will be the main focus in the advocacy campaigns. The establishment of GFA General Assembly with representatives from different projects and support of several agencies will help on the definition of the messages for 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 meetings and Communications and Visibility meetings organized by the ENPARD Communication Unit (ECU)¹⁶. Therefore, the organization of specific workshops for the same purpose is not required, as it was communicated to the EUD in the changes requested in July 2015.

The project has been sustaining an active participation at different stakeholders meetings, as the monthly meetings organized by the ACDA and the ENPARD Stakeholders Meetings, and has responded to any information request coming from the ACDA, Ministry of Agriculture (MoA) or Evoluxer¹⁷. At the same time, CARE has provided feedback and supported the ACDA with the

¹⁶ ISET hosted the M&E Working Group meeting together with a representative from the ENPARD Communication Unit to discuss about the ENPARD supported cooperative database. As a result of the meeting, an upgraded table for quick data collection has been developed and shared with the consortia by the ECU.

¹⁷ One of these requests was the compilation of all project information regarding capacity building and technical assistance for cooperatives, requested by Evoluxer during the preparation of the training cycles for trainers and cooperative managers.

publication of brochures on guidelines and FAQ on cooperative development. CARE Consortium was represented by members from all the partner organizations in the meeting organized by the ACDA on 12th February 2016 addressed to discuss the inclusion of legislative changes to allow agricultural cooperatives to operate as credit unions. CARE Consortium has been advocating for this issue since the beginning of the project and it's one of the options considered for the future management of the revolving fund system.

CARE consortium keeps leading the coordination of the M&E Working Group through ISET. During the reporting period, ISET has compiled the information from the cooperative level surveys from 4 Consortia, cleaned the data and drafted a report with main findings that was presented to representatives from the consortia on a workshop on 25th March 2016. In April 2016, ISET hosted the workshop for Monitoring and Evaluation coordinators from each ENPARD consortia. The ISET team presented the most problematic questions and explained the insights of these questions to avoid any misunderstanding among different consortia. Also, an updated version of the Annual Cooperative Survey questionnaire and of the excel template for data entry was shared with the consortia, including incorporated feedback from pilot-testing. The report with the information corresponding to 2014 and 2015 data will be finalized before the end of 2016. The main findings will be used as supporting information for further advocacy actions.

A representative from CARE Consortium (Irakli Kochlamazashvili – main researcher at ISET within the project) has participated in the visit to ENPARD Armenia in September 2016.

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

The delay in the selection of cooperatives by the whole ENPARD consortia has determined a delay in the systematic implementation of the cooperative assessment developed by the M&E Working Group. By the end of the reporting period there are 2 annual assessments from those cooperatives selected in the 1st rounds of the competition schemes, and 1 annual assessment from the ones selected during the current year. Therefore, just at the end of the reporting period it is possible to start counting on enough evidence to ensure a better development of policy recommendations.

As it was communicated in July 2015 to the EUD the project added the implementation of regional/sectoral fora as a complementing action to the national workshops for the analysis of policies, in order to develop an agricultural cooperatives' institutional framework on the regional level, and to promote the introduction of measures per product and region by the Government. This institutional framework at a regional level is linked to GFA's advocacy activities. These regional and product based fora are done in addition to other workshops and fora organized in the frame of this activity which will follow a country-wide and thematic approach.

During the reporting period, a stakeholders' forum on trout sector, and a round table (follow up forum) on tea sector have been organized by CARE Consortium in Kutaisi.

The forum on trout sector was organized on 4th December 2015. The main goal of the forum was to analyze the challenges and opportunities faced by the value chain actors – specially cooperatives – involved in the trout sector, including input suppliers, farmers, market intermediaries, consumers, with the overall goals of improving productivity in the sector, informing farmers about new business opportunities, analyzing recent geopolitical situation and searching for potential export markets, and developing and managing Georgian trout sector. The full communiqué text can be viewed at: <https://drive.google.com/file/d/0B2X2BKfOiv65R2NwVTFXTW1oSEk/view>.

A round table discussion of tea cooperatives was organized with the main purpose to inform the tea cooperatives about the Tea Program initiated by the government for supporting tea producers, and to determine what improvements were needed in the program in order to be more relevant for cooperatives. The event hosted 60 stakeholders, including representatives of the Ministry of Agriculture, Agricultural Cooperatives' Development Agency, Agricultural Projects' Management Agency (APMA), Georgian Farmers Association, and tea producer cooperatives and LTDs. The communiqué and an annex describing the challenges for tea cooperatives can be view at:

<https://drive.google.com/file/d/0B5JIGL7yPOxUenhfVFp6NkVzUGs/view>; <https://drive.google.com/file/d/0B5JIGL7yPOxUeFpVQjg2RnVkOUE/view>.

CARE Consortium has offered support to the APMA in the process of upgrading the State funded Tea Program. The project has established contact with APMA to follow up on the amendment of the state supported Tea Program. Unfortunately, the APMA didn't respond to any of our requests but the fact is the Tea Program hasn't been amended to improve the access to cooperatives, as it had been promised during the round table. As a follow up on the forum on trout sector implemented by the project in 2015, the project has met an MoA representative regarding further cooperation on the fishery strategy development.

The analysis on tea and trout value chains developed through a research prior to the organization of the fora have been upgraded and will be published before the end of 2016.

Besides these fora, CARE Consortium organized a workshop on Private Sector-led Agricultural Extension in Georgia, which took place on 8th February 2016 in Tbilisi, hosting representatives from the Ministry of Agriculture, donors, farmers and business organizations. (<http://iset-pi.ge/index.php/en/agriculture-news/1261-private-sector-led-agricultural-extension-in-georgia>)

CARE Consortium has participated actively in the relevant sectoral fora organized by the ENPARD consortia, as the fora on potatoes and beekeeping and has supported the attendance of its beneficiary cooperatives. An apiculture cooperatives' forum took place on 11th March 2016 in Tbilisi to discuss about different issues concerning beekeeping cooperatives: quality, food safety, access to markets (national and international), etc. The forum was attended by representatives from the Ministry of Agriculture, the EUD, the Food Safety Agency, as well as companies, service providers and beekeeping cooperatives supported by the ENPARD consortia. The forum has been organized through the collaboration among the four ENPARD consortia, in this occasion led by Mercy Corps given the importance of the beekeeping sector in their target area. The national forum was followed up by a regional forum carried out on May 24th 2016 in Kutaisi, again jointly organized and co-financed by the ENPARD Consortia. Also, CARE supported the participation of dairy cooperatives in the forum on dairy production organized by AYEG in Kutaisi on 30th September 2016.

ISSET was invited to the Agrarian Committee discussion on the 2016 budget of the Ministry of Agriculture. During the meeting specific suggestions were made towards incorporating up to date research findings from development economics for designing informed policies among agricultural cooperatives. The socio-economic impact of the tea sector development was also highlighted in the discussions. Related news report can be found at: <http://www.iset-pi.ge/index.php/en/agriculture-news/1164-strengthening-the-system-of-parliamentary-democracy-in-georgia>.

In the frame of this activity, ISSET produced several articles to feed into a public debate on agricultural policy and to develop policy options. The list of the articles written during the reporting period is as follows:

- "Georgian Wine: Plan for the Worst, Hope for the Best"
<http://iset-pi.ge/index.php/en/iset-economist-blog-2/entry/georgian-wine-plan-for-the-worst-hope-for-the-best>;
- "Thin but Strong: Georgian Silk"
<http://iset-pi.ge/index.php/en/iset-economist-blog-2/entry/thin-but-strong-georgian-silk>;
- "Georgian Tea: Finding New Strength in Unity"
<http://georgiatoday.ge/news/1865/Georgian-Tea%3A-Finding-New-Strength-In-Unity%3F>;
- "Innovation Starts Here and Now... In Lisi Lake Greenhouses"
<http://iset-pi.ge/index.php/en/iset-economist-blog-2/entry/innovation-starts-here-and-now-in-lisi-lake-greenhouses>;
- "Let It Be"
<http://iset-pi.ge/index.php/en/iset-economist-blog-2/entry/let-it-be>;
- "Young Seedlings of Georgia's Agriculture"
<http://iset-pi.ge/index.php/en/iset-economist-blog-2/entry/young-seedlings-of-georgia-s-agriculture>
- "A Portrait of a Tushetian Farmer as an Entrepreneur"

- <http://iset-pi.ge/index.php/en/iset-economist-blog-2/entry/a-portrait-of-a-tushetian-farmer-as-an-entrepreneur>
- “XXI century Arrives to Kakheti”
<http://iset-pi.ge/index.php/en/iset-economist-blog-2/entry/xxi-century-arrives-to-kakheti-with-soplidan-ge>
- “To bee or not to bee”
<http://iset-pi.ge/index.php/en/iset-economist-blog-2/entry/to-bee-or-not-to-bee>

The addition of a data analyst and legal assistance for GFA has determined a clear improvement in the development of policy recommendations.

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 instance, the call center allowed conducting a survey on the Small-Scale Farmers’ needs and Awareness – organized by the Economic Policy and Research Centre (EPRC) in September 2016¹⁸.

Once the evidences from the cooperative assessments will be defined, the call center will be used in a more structured way to confirm current issues and to prepare evidence based recommendations. The further development of GFA organizational structure through the creation of a farmers’ council including territorial representatives, will facilitate the consultations given that the council will be the main consultative body for the GFA. 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, once the GFA farmers’ council is established.

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

The framework agreement between GFA and the Georgian Government is not in place and most probably it won’t be accomplished given that, as we have been informed, the Government can’t show a special treatment towards a particular civil society organization. During the reporting period GFA has been also negotiating the signature of a MoU with the ACDA, but due to similar reasons it seems unfeasible.

In any case, GFA is consolidated as advocate for farmers’ interests in 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 a memorandum of cooperation with the following institutions:

- GeoStat - according to which GeoStat will provide GFA with respective unpublished statistical information when and as needed and allow it to use the data in its printed materials and publications with protection of respective copyrights. In its turn, GFA will provide all necessary assistance to GeoStat in obtaining required information from its member farmers in an organized way and raising awareness about GeoStat and the importance of using statistical data.
- LEPL Public Service Development Agency of the Ministry of Justice of Georgia - according to which the Agency will provide GFA with a free space in over 30 locations

¹⁸ This survey was conducted in the frame of a 6-month service contract signed by GFA with the Economic Policy and Research Centre (EPRC) for the provision of information services concerning DCFTA related issues through its local representatives in three regions of Georgia: Samtskhe-Javakheti, Guria and Kvemo Kartli regions.

throughout Georgia when and as needed for trainings, informational campaigns, public consultations to farmers etc.

Besides, and as a sign of the increased relevance of the GFA in policy making, GFA keeps being a predominant member in the following organizations (most of them directly linked to the Georgian Government):

- Georgian Chamber of Commerce and Industry (board member)
- Agricultural Projects Management Agency (grant selection committee member)
- Ministry of Economy and Sustainable Development (land pricing committee member)
- Civil Chamber at National Food Agency
- VET Working group under National Vocational Council
- Invest for the Future
- Georgian Alliance on Agriculture and Rural Development - GAARD
- Georgian Small and Medium Enterprises Association (board member)
- Georgian Entrepreneurs Network (founder and member of the board)
- Economic Policy Advocacy Coalition – EPAC (founding member)
- Eastern Partnership – Georgia National Platform

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 project is working on building market linkages and on defining different systems for ensuring the access of cooperatives to business opportunities and sources of finance. The implementation of the Online Marketplace has been delayed given the difficulties on upgrading the CARE site (to which this system should be linked).

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. ISET has started producing reports on market price trends and prices index which are being disseminated through GFA to its members including the cooperatives selected to receive support from the project. This information will be also available at the new GFA website.

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. The existence of savings in the project budget addressed to provide financial support to cooperatives is slowing down the search of additional funds for financing cooperatives.

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

CARE consortium is constantly working to raise more funds from social investors to be addressed to the implementation of cooperatives' business plans. Among these investors, the Peierls Foundation, which already donated 100,000 USD to co-finance some of the 1st cooperatives selected in the frame

of the project, has been again contacted and reported about the impact of the donated funds¹⁹. Besides, a new proposal for supporting agricultural cooperatives in the project target area has been presented to another donor from CARE database at the end of September 2016.

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. 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 will also support the establishment of a similar interactive system within GFA's new website, which will allow the linkages between farmers, suppliers and buyers. Besides the development of an Online Marketplace – which has been delayed due to the difficulties of upgrading the new CARE website - the project has also been considering the use of other tools such as crowdfunding.

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

CARE Consortium has been actively engaged in collecting information and advocating on credits for farmers and cooperatives. A simple database including information on loans with agricultural purposes offered by different banks and MFIs has been developed. In the 1st quarter of 2016, CARE consortium organized a meeting with representatives from a Georgian Microfinance Institution (Crystal) and advocated for the need of special financial products adapted to the cooperatives' needs.

The project team has been supporting the beneficiaries regarding loan requests and access to other sources of finance, as for instance through different governmental or donor-led programs.

Moreover, CARE consortium has been in contact with the French Cooperation Agency (AFD), providing relevant information and facilitating field visits and meetings with stakeholders, in relation with the establishment of a loan program for farmers and agricultural cooperatives. The visits took place the last week of July 2016. Additionally, a joint meeting with AFD and representatives from all ENPARD consortia was organized by CARE Consortium on 29th July 2016 with the purpose of providing insights regarding the access to finance by cooperatives and farmers in Georgia.

CARE Consortium is planning the organization of a forum on access to finance for cooperatives in the last quarter of 2016.

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

The database of local experts in different agricultural fields has been consolidated and expanded in order to involve new expertise specifically addressed to the activities of the project beneficiaries and the experts have been providing support to selected and pre-selected farmers groups, together with the CARE agricultural specialist.

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.). They have been also involved in the short-listing and selection of farmers groups and cooperatives through the provision of technical recommendations to the selection committee. 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 has been equipped with different tools and measurement instruments to allow a proper technical support to beneficiaries. The project has determined the need to get the

¹⁹ As it was acknowledged by the EUD in April 2016 the co-financing contributions from the sub-grantees in the frame of the ENPARD programme are eligible when they enter the project account. In our project we foresaw 300,000 € from social investors as sources of project funding. The co-financing contributions from the cooperatives will be included also as part of the 300.000 €. As before, the funds will be pooled under the 425.000€ contribution that is labeled in the sources of funding sheet of the budget as coming from CARE.

mobilization team actively engaged in technical monitoring of agricultural activities, and will be trained on that regard in the last quarter of 2016.

GFA and CARE agricultural experts will work jointly for a better provision of advice to GFA members and project beneficiaries. GFA and CARE are working to ensure a more effective use of the technical equipment acquired for the network of experts and to improve the organizational capacities of this network. 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.).

CARE Consortium has supported the provision of trainings to the representatives from the ICCs involved in cooperative development, in CARE Consortium target area. These trainings were organized by GIPA (Mercy Corps consortium) in coordination with the Ministry of Agriculture and were delivered for ICCs representatives from all Georgian municipalities, counting with the support from the different consortia in the corresponding target areas.

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 the last year of the project. This decision is based on the following reasons: i) the existence of multiple incentives and programs related to cooperative development, ii) the too quick quantitative development of cooperatives in Georgia, which in many cases is led by the existence of those incentives, iii) the complexity of defining a fair award scheme involving a high number of potential participants and stakeholders. By the end of the reporting period it has been decided that the implementation of this activity will be led by GFA, and therefore will serve also for the outcomes related to increasing awareness of GFA's brand. The concept of the award is under elaboration and in overall includes: the need of applications or nominations, a jury comprising representatives from main stakeholders in cooperative development, the use of social media. The whole awarding process will take place during the 1st semester of 2017.

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 are meant to be the main source of information for further researches. ISET has been working on case studies and value chain analysis of the most relevant products for the project (see A.3.2). The changes in ISET's role and their increased responsibilities as coordinator of the M&E working group have also affected the 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 during 2017 (once the first results from the cooperatives assessments are available) ISET itself and the students will have a guidance about the most 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.

In any case, and related to the link between cooperatives and academia, the project has hired ISET students as enumerators for the conduction of the direct beneficiary surveys, as described in A.1.3.

Additionally, through the main findings and analysis resulting from the project, ISET has been selected to present researches at i) IAMO conference in Samarkand, Uzbekistan in the beginning of November, 2016, regarding the effects of size and sector in the performance of agricultural cooperatives, and ii) IAAE Inter-Conference Symposium "Agricultural Transitions along the Silk Road: Restructuring, Resources and Trade in the Central Asia Region" in Almaty, Kazakhstan, regarding the tea value chain in Georgia.

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

ISET has been providing to GFA a spreadsheet with market price information on a weekly basis. The market price information is collected by appointed ICCs staff in each municipality of the country. In May and June 2016 ISET together with FAO and the Ministry of Agriculture have jointly upgraded the Market Price Information System and delivered training to the staff from Information and Consultation Centers (ICC) responsible of collecting the market price information. The trainings took place in nine locations of Georgia and trained 107 representatives of ICCs. The data collected through this system belongs to the MoA and it's also posted at the ICC offices. As per the MoU signed by ISET and the Ministry of Agriculture on 26th November, 2014, ISET has free access to all the data collected by enumerators. Since this information will be eventually public, the added value of ISET's work is related to the analysis of information to determine trends and prices distributions.

The market price information data for one full year has been transferred into STATA usable format, in order to produce charts, graphs and maps. At the same time a short survey questionnaire for the project supported cooperatives has been conducted in order to identify which products and markets, the cooperatives are interested to regularly receive the market price information for, and what means are the most used by cooperatives to receive information. This survey served to define user-friendly market price information adapted to the needs from GFA members and project beneficiaries.

ISET and the GFA Data Analyst have jointly defined different Food Price Indexes and Info-graphics for different sectors which are shared with GFA members and project beneficiaries (see Annex 7). These materials will also be available (initially for free and unrestricted for all users) at GFA's new website. Besides, farmers throughout the whole country are able to access to market price information through the call center.

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

The logframe has not been changed.

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. Updated action plan

Activity, YEAR	Year 3			Year 4 (1 st Half)						Year 4 (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
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

Activity, YEAR	Year 3			Year 4 (1 st Half)						Year 4 (2 nd Half)						Implementing body
	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
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																CARE, RDA
2.4 Guide GFA in fostering cooperation among members, public agencies, investors																CARE, RDA
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:																
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, RDA
Activities for ER 4:																
4.1 Establish Online Marketplace to promote participation of outside investors linking to farmers' business ideas																CARE

Activity, YEAR	Year 3			Year 4 (1 st Half)						Year 4 (2 nd Half)						Implementing body
	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
4.2 Lobby financial entities to extend credit coverage to farmer groups																CARE, 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, RDA
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.

The description of this section from the previous report is still fully applicable: 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 monthly coordination meetings with the field team, bilateral monthly coordination meetings (CARE-ISET, CARE-RDA/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 and monitoring 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?

The relationship between CARE and the state authorities remains unchanged. CARE and the partner organizations 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. Besides the provision of as many data as required by the ACDA and by Evoluxer (database of experts, detailed information on trainings and capacity building provided by the project), there have been specific outputs resulting of this cooperation, such as the development and publishing of brochures for agricultural cooperatives. The ACDA has been a main stakeholder in the fora conducted by CARE consortium and in those ones organized by other consortia for which CARE consortium has collaborated. Besides, the project has supported the ACDA in providing information to farmers with regards to the cooperatives law. The communication between the ACDA and CARE consortium is open and fruitful, and it has been possible to count on every occasion with ACDA's advice regarding particular issues affecting CARE supported cooperatives.

The communication with the Ministry of Agriculture has been taken place through the quarterly ENPARD stakeholders meetings, where CARE had the chance to update about progresses and main approaches in project implementation. 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 ICCs 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. Also, CARE Consortium has collaborated with Mercy Corps consortium in the provision of trainings for ICCs representatives in the project target area.

The communication with local authorities (Gangebali 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.

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:

- The Association of Young Economists of Georgia (AYEG) has been sub-contracted for providing assistance on accounting and taxation for the selected cooperatives. As per the ToR defined by the project, this assistance started with a 3day training followed with coaching sessions with each selected cooperative. Although this organization has previous experience in working with cooperatives given their partnership in the PIN consortium, this assistance has proven to be very challenging due to the level of accounting knowledge and the lack of written records of economic transactions by cooperatives. The project and AYEG have kept constant communication and agreed on an action plan for improving the effectiveness of the assistance. This plan involved the engagement of the field team in providing support on the elaboration of proper written records for agreements, incomes and expenses. The action plan has been put in practice during the last quarter of the reporting period and has proved to be completely effective in achieving the results expected for this assistance.

- The Center for Training and Consultancy (CTC) continues to be the main sub-contractor for the delivery of trainings on business planning and organizational development to short-listed farmers groups. The training programs have been designed in cooperation with CARE, based on the requirements established in the ToR, and on the experience acquired during previous training cycles. During CTC's work in the project, the quality of the trainers and the training programs, and the high degree of flexibility regarding the training schedule and location have been assessed as very positive.

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

The description of this section from the previous report is fully applicable.

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.)***

The description of this section from the previous report is still valid. 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 other articles posted at ENPARD site should be mentioned.

The coordination meetings and the thematic working groups within the ENPARD consortia – in particular the M&E working group – 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 again highlighted. This would be the case, particularly, of the cooperation among the consortia within the M&E Working Group. Thanks to this cooperation it is possible to conduct the same assessment over the whole ENPARD consortia area, which will help measuring the impact of the programme and also will allow developing evidence for policy recommendations. In next reporting period it's expected a more intense cooperation and synergies on advocacy for cooperative development. 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 in the report (A.3.2).

Most team members have attended and succeeded the ToT on cooperatives organized by Evoluxer, particularly the trainings on Organizational Development and Business Planning. CARE Consortium Cooperative Development Coordinator has also actively participated in fine-tuning the curriculum of the Organizational Development training and has been invited to deliver trainings in this field to ICCs and cooperatives in Western Georgia.

CARE Consortium has been facilitating the access of farmers to any opportunity of support provided by governmental agencies or by NGOs. On this regard, the project has encouraged and support the participation of project beneficiaries and farmers groups in the target area in the initiatives promoted by MoA and APMA - as the Tea Program or Plant your Future -, by ACDA – as the beekeeping and the dairy programs – and by EBRD; and to the possible extent, has adapted the grant to make possible a complementarity of the different supports.

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).

The description of this section from the previous report is fully applicable.

4. Visibility

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

The description of this section from the previous report is fully applicable.

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 cooperatives selected to receive support, containing the name of the cooperative, the sector and the logos of donors and implementers, and are being placed on visible locations. The EU and ENPARD logos are also placed on every presentation delivered by CARE consortium, in the communiqués and press releases from fora and in the application forms for business idea and business planning.

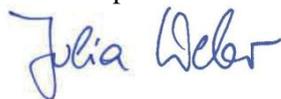
The cooperation with the ENPARD Communications Unit is very fruitful and every action with a certain visibility component CARE and its partners have counted on ECU's advice and support. Besides, the project communications responsible writes articles about different activities and events organized in 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: Julia Weber

Signature:



Location: Vienna

Date report due: 30.11.2016

Date report sent: 30.11.2016

5. List of annexes

Annex 1	Direct beneficiary survey
Annex 2	Cooperative level survey
Annex 3	List of cooperatives with agreements
Annex 4	GFA manuals
Annex 5	GFA Marketing and Communications Strategy
Annex 6	Annual report GFA (2015)
Annex 7	Samples of info-graphics for price trends