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New Economic Opportunities Initiative  
ახალი ეკონომიკური შესაძლებლობების ინიციატივა

# NEO 2012 ANNUAL REPORT

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# **NEW ECONOMIC OPPORTUNITIES INITIATIVE (NEO)**

## **2012 Annual Report**

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## ABBREVIATIONS

AIC	Abkhazintercont
APS	Annual Program Statement
AYEG	Association of Young Economists of Georgia
CiDA	Civil Development Agency
CHCA	Charity Humanitarian Centre Abkhazeti
DRC	Danish Refugee Council
EDP	Economic Development Plan
ERC	Environmental Review Checklist
FY	Fiscal Year
GIS	Geographic Information System
GMIP	USAID/Georgia Municipal Infrastructure Program
GoG	Government of Georgia
HOA	Homeowners' Association
IGBSI	Income Generating Business Support Initiative
IDP	Internally Displaced Person
IPM	Integrated Pest Management
LED	Local Economic Development Plan
LOI	Letter of Intent
MDF	Municipal Development Fund
MOU	Memorandum of Understanding
MRA	Ministry of IDPs from the Occupied Territories, Accommodation and Refugees of Georgia
MSME	Micro-, Small-, and Medium-Sized Enterprise
NATELI	New Applied Technology Efficiency and Lighting Initiative
NEO	New Economic Opportunities Initiative
NGO	Non-Governmental Organization
NRC	Norwegian Refugee Council
PMU	Project Management Unit
RFA	Request for Application
RFP	Request for Proposals
TA	Tenants' Association
TEC	Technical Evaluation Committee
ToT	Training of Trainers
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
USG	United States Government

## TABLE OF CONTENTS

<b>Abbreviations</b> .....	1
<b>Executive Summary</b> .....	3
<b>Administration and Project Management</b>	
• Administration .....	5
• Project Management .....	5
<b>Project Activities</b>	
• Component 1: Community Level Economic Development Planning .....	7
• Component 2: Rural Economic Development .....	12
• Component 3: Assistance to Support Highly Vulnerable Households and Individuals .....	24
• Component 4: Promoting Sustainability of IDP Housing .....	27
<b>Project Operations</b>	
• Grants and Subcontracts .....	33
• Communications .....	34
• Monitoring and Evaluation .....	37
<b>Accrual Report</b> .....	39
<b>Appendix</b>	
A NEO Highlights .....	40
B Selection of NEO Press Clippings.....	42
C Examples of NEO Branding and Publications .....	45

## EXECUTIVE SUMMARY

In FY 2012, the NEO project team, in collaboration with USAID and representatives of municipal governments and local councils, selected 85 target communities within 10 municipalities in the Mtskheta-Mtianeti, Shida Kartli, Racha-Lechkhumi and Kvemo Svaneti, and Samegrelo-Zemo Svaneti regions. After selecting communities, NEO mobilized community members with the goal of promoting local ownership of economic development planning processes and to ensure that communities are taking the lead in the implementation of concrete initiatives to promote economic development, improve small-scale infrastructure, and generate opportunities to improve incomes and increase employment opportunities within their communities. NEO has served in the role of a facilitator to assist communities to identify and capture economic opportunities that will lead to a meaningful, measurable impact for the people living in NEO regions.

In FY 2012, NEO entered a total of 65 communities and brought together diverse members of communities by establishing a working group in each community and assembling 260 focus groups in all 10 target municipalities. These community groups are responsible for drafting Economic Development Plans (EDPs) and pooling their expertise to provide recommendations on investments and local economic development interventions that are incorporated in EDPs. In FY 2012, NEO and local partner, Association of Young Economists of Georgia (AYEG), assisted community working and focus groups in completing 55 Economic Development Plans (EDPs), which were later presented to their respective municipal officials with the goal to integrate the EDPs within the municipal development plans. Based on the EDPs, NEO selected 35 small-scale infrastructure rehabilitation projects to fund (all of which include financial contributions from host municipalities) and commenced rehabilitation activities in 5 communities by the close of FY 2012. NEO also partnered with Charity Humanitarian Centre “Abkhazeti” (CHCA) to train 275 community members and local government and municipal representatives to build their capacity in economic development planning with the objective of fostering local ownership of these processes.

Beyond local economic development planning, NEO launched activities to promote employment and income-generating activities in select sectors. In FY 2012 NEO gathered inputs from communities, public and private sector stakeholders to select priority value chains to develop within the fruit, vegetable, hazelnut, livestock, beekeeping and tourism sectors. During FY 2012 NEO organized 50 trainings in all target regions introducing modern technologies to improve the quality and yields of various honey, fruit, vegetable, and hazelnut products. Following the trainings, NEO issued five requests for applications (RFAs) to identify grant beneficiaries to support the growth and development of fruit (strawberry, apple, pear, plum, and cherry), vegetable (lettuce, tomato, cucumber, and seed potato), and hazelnut production in NEO target regions. In addition, NEO has launched seven grants to improve the tourism sector in the Mtskheta-Mtianeti region.

NEO is also promoting income generation opportunities to improve the livelihoods of highly vulnerable individuals and households in target communities through vocational training. NEO awarded grants to five vocational colleges to deliver professional skills training to beneficiaries in the apparel-making, beekeeping, electrical works, grafting, hairdressing, plumbing, tile-setting and welding trades. Of the 269 individuals enrolled in the vocational training courses, 94 percent (254 individuals) graduated and received certificates of completion in the various courses. In order to further support post-graduation income generation and employment opportunities, NEO distributed professional tool kits to 181 of the best students graduating from the vocational training programs. NEO also met with 130 potential employers in all four target regions, 99 of whom have submitted concept papers to provide on-the-job training opportunities for NEO’s highly vulnerable individuals. In addition, NEO awarded grants to two

local service providers, Abkhazintercont (AIC) and Civil Development Agency (CiDA), to provide technical and in-kind assistance to NEO's vulnerable populations and identify individuals to participate in NEO's on-the-job training activities.

In FY 2012, NEO piloted the establishment of homeowners' associations (HOAs) in 7 internally displaced person (IDP) apartment buildings and tenants' associations (TAs) in 2 IDP cottage settlements, benefitting 429 households. NEO, through its subcontractor, CHCA, conducted training for the HOA/TA members in establishing and managing HOAs/TAs, and in business planning to promote the sustainability of these associations. Within each HOA/TA, NEO also formed and provided training to a maintenance team on sustaining the recently rehabilitated residential and common areas. In FY 2012, NEO also organized trainings in HOA/TA management and oversight for 21 representatives of the Rustavi, Kutaisi, Senaki, Zugdidi, and Gori municipalities.

Another major achievement of 2012 was the adoption of a strategy that integrates the project's broad scope of activities across components. In the case of NEO's rural economic development component, NEO is incorporating highly vulnerable individuals and IDPs within its value chain development activities. In addition, NEO is providing vocational training opportunities, livelihood packages, and access to no-interest loans to IDPs, as well as to its highly vulnerable populations. NEO believes that this approach to integrate activities across components will maximize the number of beneficiaries, enhance NEO's ability to effectively manage the wide range of project activities, and most importantly – increase the overall impact and sustainability of NEO interventions.

### **Box 1: Overview of NEO FY 2012 Results**

*In its first year of implementation, NEO provided support to 6,313 households, and achieved the following milestones:*

#### Component 1

- *Formed working groups in 65 communities*
- *Finalized 55 Economic Development Plans*
- *Involved 1,556 community members in the EDP process*
- *Provided 1,154 beneficiaries with improved infrastructure services, through two completed quick-impact potable water rehabilitation projects in Gori and Kareli municipalities.*

#### Components 2 and 3

- *Benefitted 955 individual through grants and sub-awards*
- *Provided 305 individuals with vocational education training*
- *Created 265 jobs through NEO activities*
- *Trained 1,076 individuals in modern techniques of agricultural production.*

#### Component 4

- *Established 7 HOAs and 2 TAs in pilot IDP residences*
- *Supported 1,374 IDPs through establishment of HOAs/TAs and capacity building training.*

#### Operations

- *Awarded 29 grants valued at ████████ to support tourism, vocational training, agricultural production, access to finance and livelihood activities*
- *Launched NEO project website in July.*

## Administration and Project Management

### Administration

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### Project Management

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## Project Activities

### Component 1: Community-Level Economic Development Planning

The Local Economic Development (LED) Planning component is focused on assisting community groups to develop community economic development plans (EDPs) through public involvement, bringing together different local stakeholders to improve community living conditions. During FY 2012, NEO selected 85 communities within 10 target municipalities in the four regions of Shida Kartli, Mtskheta-Mtianeti, Samegrelo-Zemo Svaneti, and Racha-Lechkhumi and Kvemo Svaneti in which to implement NEO activities, starting with component one activities.

NEO developed a methodology for community development and mobilization with the help of international community mobilization expert, Jelena Krivcevic, as well as a toolkit and an EDP template to guide the local economic development planning process in each community. NEO also contracted AYEG to provide community groups with assistance to finalize sector priority lists and EDPs in FY 2012 target communities. During the planning process, each community group identifies economic development priorities in the agriculture, non-agricultural, infrastructure, and social sectors and with the assistance of NEO. In addition, NEO supported capacity building trainings for target community groups and municipal authorities to enable coordination between the groups to support local economic development activities.

The LED planning component also aimed to implement one small-scale infrastructure rehabilitation project, identified during the EDP process, to support social and economic development activities in each target community. Infrastructure projects were prioritized and selected by the community work groups to ensure projects would meet the communities' needs and align with the municipal authorities' development objectives. All projects were assessed by both NEO's engineers and environmental specialist, and received USAID environmental and engineering approvals. For all selected projects, NEO required a municipal cost-share of at least 15 percent, either in-kind or cash, and a signed letters of intent (LOI) to ensure community and municipality buy-in for the project before announcing tenders.

#### **Box 2: Component 1 - Community-Level Economic Development Planning Results**

*By the end of FY 2012, NEO had formed or revitalized working and focus groups in 65 communities, involving 1,556 community members in the EDP process. To date, 55 EDPs have been finalized and 10 are in development. In addition, two small-scale potable water rehabilitation projects, benefiting 1,154 residents in the communities of Dirbi (Kareli municipality) and Tirdznisi (Gori municipality) were completed, with another three projects in Gori currently under implementation.*



Globa Focus Group Meeting



EDP Presentation in Tsalenjikha



Rehabilitated Water System in Dirbi

**A. Activity 1.1. Select target communities for the 10 municipalities**

The LED component activities started with meetings with all 10 heads of municipalities, key council departments, and commission representatives to select target communities within each municipality. Selections were based on pre-defined criteria, including: population size, vulnerability, demographics, economic potential, and community engagement. The population size was of particular importance, since some communities in target municipalities are very sparsely populated. NEO's approach to community selection was designed to strike a balance between reaching as many vulnerable households and individuals as possible, while identifying those communities with economic potential (existence of small, medium and/or large businesses in the vicinity, tourism potential, etc.). The community's level of engagement was also important to address issues of common interest. As a result of the meetings, 85 communities (see table below) were selected as targets for NEO activities.

**Table 1. NEO Target Communities**

Municipality/ Region	Shida Kartli	Mtskheta- Mtianeti	Samegrelo- Zemo Svaneti	Racha-Lechkhumi and Kvemo Svaneti	TOTAL
Gori	16				16
Kareli	9				9
Khashuri	10				10
Dusheti		8			8
Kazbegi		3			3
Zugdidi			17		17
Tsalenjikha			8		8
Oni				5	5
Tsageri				4	4
Lentekhi				5	5
<b>TOTAL</b>	<b>35</b>	<b>11</b>	<b>25</b>	<b>14</b>	<b>85</b>

**B. Activity 1.2. Facilitate and develop local EDPs for selected communities**

Following the development of the community mobilization methodology and toolkit, NEO regional teams in the Shida Kartli, Mtskheta-Mtianeti, Samegrelo-Zemo Svaneti, and Racha-Lechkhumi and Kvemo Svaneti regions conducted a series of meetings with municipal leaders, local target community trustees and residents to introduce the project, establish working groups and focus groups for the four sectors (agriculture, non-agriculture, social and infrastructure), and began the process of community EDP development.

In FY 2012, NEO regional staff conducted community meetings and established 65 working and 260 focus groups in the 10 target municipalities. To support the planning process, regional staff also met with the established local target groups and facilitated 114 working group and 794 focus group meetings. Overall, 3,376 local residents participated in initial community meetings, 797 residents were involved as working group members and 758 as focus group members.

Of the 65 communities selected in FY 2012, 55 have finalized their EDPs which are ready to be presented to the municipal leaders. In the remaining 10 communities, the sector groups in agriculture, non-agriculture, social and infrastructure issues have been established; sectoral data has been collected and analyzed; and existing problems and avenues for community development have been identified. The EDPs contain concise, easily accessible and understandable information including recommendations to encourage investments from government bodies, donors and the private sector in support of the priority projects identified by the communities. Before presenting the EDPs to the municipal authorities, NEO, with support from AYESG, organized and conducted community meetings to present the draft EDP plans to the broader group of local residents, and collect feedback from community representatives in the 55 communities. The community meetings served as a public hearing on the community EDPs—presenting and gaining public support on the important findings and priority problems in the community, including the small-scale infrastructure project identified for rehabilitation. In each of the 55 communities, all community members, who were present at the EDP presentations conducted by AYESG, voted for the plans to be presented to municipal officials for review and further consideration. To date, 6 of the 55 finalized EDPs have been presented to their respective municipal officials. The municipal officials have welcomed the EDPs presented to date and have assured that community working groups that they will seek resources to fund some of the priority projects identified in the EDPs.

**Box 3: Lessons from NEO's EDP Process**

*In March 2012, following the completion of EDP development in Phase I communities, NEO organized a coordination meeting between the four regional development teams, LED team, and AYESG, to review the lessons from the planning process. NEO reviewed regional experiences, approaches and principles in working with communities; composition of the focus/working groups; data collection; selection of economic priorities; coordination with the local government, donors and NGOs in the target regions; and working relations with AYESG. During the workshop, NEO regional teams underlined the importance of the mobilization process at the community level to gain active participation of the local population using the developed methodology. The regional teams also noted that based on Phase I experiences, they were now better able to streamline the process in Phase II communities: defining the number and frequency of meetings needed; achieving greater involvement of youth, women and local farmers in the planning process; and beginning collaboration with AYESG at the SWOT analysis stage in order to foster more effective results.*



*NEO Introductory Community Meeting in Pakhulani*

**C. Activity 1.3. Select service provider for technical assistance to community working groups**

To support the EDP planning process in target communities, NEO announced a request for proposals (RFP) to select EDP service providers for East and West Georgia. Based on the RFP, NEO received six proposals for East Georgia, and seven for West Georgia. The technical evaluation committee (TEC), based on the RFP criteria, selected the AYEG to implement the EDP activities for all 55 target communities. AYEG, in coordination with NEO regional team representatives and community focus groups, reviewed data, identified missing information, ranked priority problems in each sector, and with the available resources, short-listed the priority infrastructure projects for engineering review before finalizing the EDPs for each of the 55 assigned communities.

**D. Activity 1.4. Small-scale infrastructure projects implemented**

By the end of FY 2012, NEO, in collaboration with the community working groups, identified and selected 35 out of the 85 small-scale infrastructure projects with which the project is tasked. Environmental Review Checklists (ERCs) were finalized, submitted to and approved by USAID for projects in 25 communities in the Gori, Kareli, Khashuri, Dusheti, Kazbegi, Oni, Zugdidi and Tsalenjikha municipalities. Rehabilitation projects include rehabilitation of existing potable water supply systems<sup>2</sup> (13), irrigation systems (2), internal roads (3), and kindergarten or school facilities (7) to benefit the local population and visitors to the communities. The preliminary total number of beneficiaries for these 25 ERC-approved projects is 5,681 local households, and for all 35 identified projects the total increases to 6,500 households.

Two small-scale, quick-impact infrastructure projects were identified by NEO in the communities of Tirdznisi (Gori municipality) and Dirbi (Kareli municipality) for implementation. NEO negotiated with the Gori and Kareli municipalities and signed LOIs, whereby the municipalities committed to providing cost-shares valued at 33 and 30 percent of the respective total project costs for Tirdznisi and Dirbi. NEO contracted a local design company, GEO LTD, and a construction company, GIO LTD, for the rehabilitation of the potable water supply systems in both communities. The completed projects now benefit more than 700 residents in three villages.

A third quick-impact, small-scale potable water supply system rehabilitation project was identified for the Ananuri community (Tsikhidziri village). A local organization, Individual Entrepreneur “Tamar Palavandishvili”, was contracted to design the project and supervise the rehabilitation; however, a construction company has yet to be identified for this project. During FY 2012, RFPs were issued for infrastructure projects in 18 communities; contracts signed for 5 projects, and negotiations are ongoing for one additional project.



*Small-Scale Potable Water Rehabilitation Projects in the Dirbi and Brotsleti Villages of the Kareli and Gori Municipalities*

<sup>2</sup> For all potential water supply and irrigation system rehabilitation projects, the water samples are collected by the NEO Environmental Specialist and submitted to the selected laboratory, GAMMA, for testing.

For reasons both internal and external to the project, implementation of the infrastructure rehabilitation projects was delayed in FY 2012. USG regulations and policies and Chemonics corporate procedures with regard to construction contracting are extensive. During the first months of NEO infrastructure implementation, the contracting mechanisms and procedures we were using were proving too time-consuming and inhibited our ability to achieve timely implementation of infrastructure projects. In response, NEO re-examined the regulations, policies, and procedures in light of NEO's specific project needs and operating environment and streamlined contracting procedures while still maintaining compliance with USG regulations. NEO moved to "design and build" contracts to reduce the time needed to solicit proposals and execute subcontracts. It eliminates the cost and time needed to contract and develop a separate design—as well as the possibility that the contractor will reject or disagree with the design. In May 2012, NEO also prequalified 14 design and construction companies under an EOI for small-scale infrastructure projects in the areas of civil engineering/construction, irrigation, water supply and wastewater, and road rehabilitation. NEO has also worked with the Chemonics' Compliance Department to streamline RFP and construction subcontract templates in order to reduce the review time needed to process these documents.

Parliamentary elections also affected rehabilitation project implementation. In the five months preceding the elections, NEO announced RFPs for 15 projects. However, due to work on pre-election infrastructure projects, many companies were unable to review or submit bids, some firms expressed concern with the location of the projects (many are on or near the Administrative Boundary Line), while others were hesitant to begin work on projects in coordination with the municipalities because of uncertainty over changes that the elections might bring. In addition, the extent of pre-election construction has made it difficult to purchase certain construction materials locally causing significant bid inflation. For these reasons, many of the 2012 projected infrastructure rehabilitation projects will be delayed until the spring of 2013 after the new municipality governments have taken office and "re-affirmed" municipal contributions and approval of the projects; and contractors are again interested in these small-scale infrastructure projects.

#### **E. Activity 1.5. Strengthen capacity of municipalities to conduct local economic development planning**

NEO identified gaps in the capacity of NEO target municipal representatives and community citizens to promote and foster community level economic development activities and advocate their priorities to municipal and regional-level authorities. To address these gaps, NEO contracted local NGO, CHCA, to provide technical assistance and trainings to enhance these skills to NEO target community group members, local government representatives and municipal officials in order to strengthen and build their capacity to conduct and support local economic development planning. The training curriculum focused on methods of developing communication pieces, negotiation and advocacy skills to attract investors, techniques to develop project proposals and business plans, project-based profit and loss analysis and risk assessment, return on investment calculations, and measuring the social impact of the selected priority projects.

In FY 2012, CHCA delivered trainings to 275 community and municipal representatives from the Shida Kartli, Mtskheta-Mtianeti and Samegrelo-Zemo Svaneti regions. Participants of the economic development planning training gave both the curriculum and trainers high ratings in their evaluations. They also made recommendations for the next round, including expanding the number of training days in order for participants to better understand unfamiliar issues; involving a greater number of youth to enhance the sustainability of the training and promote greater civic involvement; including a module on community rights; and increasing the number of practical exercises related to project writing, business

planning and financial issues. The trainings will be continued in FY 2013—enhanced with some of the recommendations from the first round of trainings—to include working groups, trustees and municipal representatives from the remaining NEO target municipalities.

## Component 2: Rural Economic Development

Early in FY 2012, NEO conducted workshops in target communities and met with relevant public and private sector stakeholders to identify and select value chains in which Georgian farmers have experience and could improve production to increase their income and generate employment opportunities for the maximum number of beneficiaries within NEO’s target regions. After completing comprehensive assessments of short-listed value chains, NEO decided to concentrate its efforts on subsectors within the fruit, vegetable, hazelnut, livestock, beekeeping and tourism value chains. While some value chains encompass all four NEO regions (livestock, beekeeping and vegetables), other value chains are region-specific, such as: hazelnuts (Samegrelo-Zemo Svaneti); apples, pears and stone fruits (Shida Kartli); and tourism (Mtskheta-Mtianeti). Once these value chains were selected, NEO immediately announced an annual program statement (APS) for grants to support the growth and development of the tourism sector in the Mtskheta-Mtianeti region. NEO also launched training programs to introduce modern technologies within the fruit, vegetable, hazelnut and beekeeping value chains, followed by RFAs to identify grantees to promote modern techniques of strawberry; greenhouse vegetable and herb; apple, pear and stone fruit; and seed potato production in NEO communities. NEO also partnered with the USAID/Economic Prosperity Initiative (EPI)/AgriGeorgia Hazelnut Training Program and distributed pruning and spraying equipment to farmers participating in the training.

### Box 4: Component 2 - Rural Economic Development Results

*Based on NEO Component 2 activities in FY 2012, 892 farmers—including 281 women—have received short-term agricultural training in beekeeping, cane berry and strawberry production, greenhouse and open-field vegetable production, fruit (apple, pear, cherry and plum) production, potato production and web worm moth protection. Another 811 strawberry and hazelnut farmers have implemented new or improved technologies covering 1,501 hectares of land. And 149 new jobs have been created in the tourism and agricultural sectors due to NEO grant activities.*



*Cane berry Training*



*Tourism Grantee:  
Aragvi Adventure Center*



*PPE Distribution to Hazelnut  
Farmers*

**A. Activity 2.1. Train NEO regional staff in conducting value chain assessments and developing action plans**

NEO recruited an international economic development consultant to work with the Component 2 team to provide a comprehensive overview of a value chain approach to market development, as well as guidance in developing a value chain methodology to be applied by the NEO program. The entire process of value chain program development was addressed during the training program, which included: targeting, selecting and prioritizing value chains; identifying value chain actors, end markets, competitiveness, governance structures, constraints and opportunities within the value chain; designing a comprehensive and sustainable value chain development program; preparing solutions to constraints identified in the value chain analysis; and creating intervention strategies for value chain development programs.

During the training exercises, NEO developed identification and evaluation criteria for the value chains and potential project interventions based on the percentage of households involved in the value chain activities, value chain potential and likely impact, NEO project resources, and whether other organizations were involved in the value chains. The primary identification and evaluation criteria for selecting priority value chains were, as follows:

1. Estimated number of direct beneficiaries participating in the value chain;
2. Estimated unmet market demand;
3. Presence of lead firms in the value chain;
4. Potential of increased income for targeted groups in the value chain;
5. Proportion of household income of targeted beneficiaries from the value chain activity;
6. Estimated participation of rural and vulnerable populations;
7. Participation of ethnic minorities; and
8. Presence of other donor/governmental organizations in the value chain, and donor saturation.

NEO also reviewed available Component 1 EDP statistical data, as well as organized participatory value chain workshops in its target communities, where community members identified and prioritized value chains and project interventions. Based on these meetings, NEO shortlisted and ranked potential value chain sectors for further investigation. The project also held discussions with private and public sector stakeholders, local and regional government officials and technical personnel, donors, and project staff, while in the process of developing value chain action plans.

**B. Activity 2.2. Conduct assessments and select priority value chains**

Given the extensive level of project assistance required, NEO decided to focus on a few key value chains selected based on: (1) extent of current contribution to rural household income; (2) breadth of involvement and experience of the targeted communities—for the most part NEO is not introducing new crops, but is promoting new methods for commodities with which the communities are already familiar; and (3) the potential for significant sustainable improvement in farm household income and revenue. The resulting selection of initial value chains included:

1. Fruit
2. Vegetable
3. Hazelnut
4. Livestock

5. Beekeeping
6. Tourism

Several common themes affecting all target agricultural sectors emerged from NEO's value chain assessments and selection. These themes will be addressed in our work with each value chain:

1. In researching the value chains, most of the comments NEO received centered on improving yields. Smallholders felt that they "knew how to farm" and only needed access to new varieties or improved breeds and inputs. Training in new methods and techniques were not frequently mentioned. NEO's technical assistance and training are systemic approaches, where attention is given not only to improved varieties and breeds, but also to the methods, technologies and inputs needed to allow the new varieties to reach their potential yields.
2. Marketing and market demand issues are not adequately addressed by the farming population. Most of NEO's target population feels that they can sell as much as they can produce with their key to success being improved yields and sellable quantities. NEO assistance however will tie production more closely with market demand. NEO will address both production and marketing constraints from a commercial farming ("farming as a business") perspective with a focus on market demand, product quality, packaging, and timing.
3. Given Georgia's recent history, NEO-targeted smallholders are individualistic and hesitant to work together formally or informally in spite of the decrease in smallholder bargaining power that this entails. Throughout NEO's training and technical assistance activities the benefits of working together for input buying, marketing or advocacy are highlighted; and support provided, where feasible, in the development of local associations initiated by community members.
4. Access to credit for rural farm households is not widely available, and where available, farmers are hesitant to apply due to high interest rates. To address credit availability, NEO has adopted a broad definition of what constitutes credit or more appropriately agricultural financing. In addition to commercial bank loans and credit from microfinance organizations, NEO will promote credit available from other sources, such as; suppliers; farm service centers providing agricultural inputs and services on credit; buyer-side pre-financed production; and/or processors advancing inputs and cash to contracted farmers.
5. Extension services, rural technical assistance and access to agricultural experts are limited. NEO will use a mix of its own staff, local subcontracts, grants, and international and local short-term experts to provide directed technical assistance and training.

### **C. Activity 2.3. Launch value chain grant activities in targeted municipalities**

After selecting the value chains, NEO announced RFAs to issue grants in support of the growth and development of the fruit (strawberry, apple, pear, plum, and cherry), vegetable (greenhouse production of lettuce, tomato, cucumber, and open field seed potato), and hazelnut production in NEO communities. NEO announced an APS to identify grantees to promote the development of the tourism sector in the Mtskheta-Mtianeti region. During FY 2012, NEO awarded seven grants to improve the hospitality sector, adventure tourism, souvenir production, and the capacity of local guides in the Dusheti and Kazbegi Municipalities.

### Activity 2.3.1 Fruit Value Chain - Berries

Although strawberries are not widely produced in Georgia on a commercial basis, NEO believes that intensive strawberry production using modern technology will significantly increase the income levels of NEO farmers. After conducting two trainings in modern techniques of open field strawberry production in April 2012, NEO announced an RFA to establish demonstration plots to introduce new strawberry plant varieties and modern production techniques in the Tsalenjikha and Zugdidi Municipalities. NEO selected 10 farmers and assisted them in organizing themselves into the *Strawberry Farmers' Association of the Samegrelo-Zemo Svaneti Region*, and awarded the association an in-kind grant to provide association members with 60,000 strawberry plants, drip irrigation systems, and personal protection equipment (PPE). The association members pooled their resources, jointly arranged to purchase inputs (e.g., straw and plastic mulch) and contracted with a farm service center in Zestaponi to plough their land plots and prepare raised beds. The association members also intend to market their strawberry harvests jointly to wholesale and retail outlets.

NEO also utilized the services of international and local specialists to conduct trainings and extension services for the association members on land preparation, drip irrigation and plastic mulch installation, and planting of strawberry plants. In September 2012, NEO procured and distributed 40,000 short-day strawberry plants, drip irrigation systems and personal protection equipment to the association's members; the remaining 20,000 neutral-day strawberry plants are procured and will be distributed in October 2012. NEO expects that the Association members will produce up to 60 metric tons of strawberries on 2.45 hectares of cultivated land in 2013 (1<sup>st</sup> harvest in November – December 2012, 2<sup>nd</sup> harvest in May – June 2013, and 3<sup>rd</sup> harvest in September – December 2013), which will generate GEL 180,000 from the sale of strawberries on the local fresh markets.

#### **Box 5: Strawberry Farmers' Association of the Samegrelo-Zemo Svaneti Region**

*In June 2012, NEO assisted 10 farmers in establishing the Strawberry Farmers' Association of the Samegrelo-Zemo Svaneti Region. The Association, headed by Nani Philipia, was awarded with an in-kind grant of 60,000 neutral- and short-day varieties of strawberry plants, drip irrigation systems, and personal protection equipment (PPE) to establish modern strawberry production demonstration plots in their respective communities.*

*To facilitate the grant activities, the association members pooled their resources and jointly arranged to purchase inputs (e.g., straw and plastic mulch) and contracted with the Zestaponi farm service center to plough their land plots and prepare raised beds for the strawberry plant stocks which were planted in September and October 2012. The association is also working to jointly market the expected 2013 harvest of 60 metric tons of strawberries to wholesale and retail outlets.*



### **Activity 2.3.2 Fruit Value Chain – Apples, Pears, Plums and Cherries**

Many farmers in the Shida Kartli region grow orchard fruits—primarily apples, but also significant quantities of pears, cherries, and plums—sales of which provide a significant source of household revenue for these farmers. However, there is potential to increase farmer revenues three- or four-fold with the introduction of new varieties and improved production techniques. In July 2012, NEO announced an RFA to solicit grant applications for the establishment of apple, pear, plum and cherry nurseries in the Shida Kartli region. NEO intends to grant select farmers with rootstocks (for mother block of rootstocks), scion bud sticks, rooted fruit trees (for mother block and for scion bud sticks), and grafting equipment. In addition, NEO will arrange for the grant recipients to receive training and technical assistance in modern techniques of nursery production throughout the production cycle. NEO expects that each nursery (area = 1 hectare) will produce 4,000 apple, 1,000 pear, 1,000 plum and 1,000 cherry saplings for sale to farmers in the fall of 2013. By 2014, NEO projects that each nursery will increase production to be able to offer 16,000 apple, 3,000 pear, 1,600 cherry, and 1,600 plum saplings to farmers.

### **Activity 2.3.3 Fruit Value Chain – Meteorological Stations**

Fruit farmers spend roughly GEL 1,000 – 1,500 per hectare annually on pesticides for their fruit orchards, spraying their crops based on “intuition” rather than at optimal times. This often leads to increased production costs because of excessive application due to the lack of access to data and information regarding crop diseases and weather conditions. In order to support fruit and vegetable farmers in reducing their crop protection costs and optimizing their yields, NEO announced an RFA and selected a grantee to install meteorological stations in select locations in the Gori and Kareli municipalities. The grantee will use the meteorological stations to collect weather data, detect pest conditions, and provide early warning services to up to 6,000 farmers on proper pest management techniques for their crops. By gaining access to quality and reliable information on integrated pest management (IPM) techniques to enable them to spray their crops at optimal times, farmers will significantly reduce their production costs and also improve the quality and volume of their fruit and vegetable harvests.

### **Activity 2.3.4 Vegetable Value Chain – Open Field and Greenhouse**

The vast majority of farmers in Georgia produce vegetables, strawberries and herbs on open field plots and harvest crops during the peak supply seasons (e.g., July – September). In turn, the farmers are relegated to selling their crops, when the supply of vegetables, strawberries and herbs is at its highest levels and local market prices are at their lowest levels. NEO intends to introduce and promote the production of vegetables, strawberries, herbs, and seedlings in greenhouses using modern technology and production techniques. This initiative will provide farmers with opportunities to increase their annual income levels, by harvesting and selling their vegetables, strawberries and herbs during the off-season.

In FY 2012, NEO announced an RFA and awarded grants to 11 farmers in the Samegrelo-Zemo Svaneti region to establish demonstration greenhouses for vegetable and herb production. NEO will grant a greenhouse (250 m<sup>2</sup> or 500 m<sup>2</sup>) and irrigation system to each farmer. In addition, NEO will arrange for the grant recipients to receive training and technical assistance in modern techniques of vegetable (lettuce, tomato and cucumber), strawberry and herb (dill, coriander and parsley) production throughout the production cycle.

NEO also organized a presentation for NEO’s greenhouse grantees by representatives of the Georgian company, Sense Selection, which supports Georgia’s agricultural sector by providing

farmers with production inputs and supplying the farmers' harvested products to supermarkets and Georgia's hospitality industry. Nine grantees submitted applications to produce and sell specific varieties of lettuce to Sense Selection in 2013.

### Activity 2.3.5 Vegetable Value Chain - Potatoes

Due to the lack of access to quality, virus-free seed potatoes and outdated production techniques, potato yields in Georgia are significantly below international standards. For example, the average potato yield in Georgia ranges from 6 - 7 tons per hectare, while the average yield in most European countries ranges from 30 – 50 tons per hectare. In order to address the abovementioned constraints, in FY 2012, NEO announced an RFA to establish seed potato production demonstration farms in the Mtskheta-Mtianeti, and Racha-Lechkhumi and Kvemo Svaneti regions. In early 2013, NEO will select farmers and organize them into regional seed potato producers' associations, and award grants to the associations to establish seed potato demonstration farms. NEO will also provide the grantees with imported, virus-free, Elite-class seed potatoes and drip irrigation systems. The grantees will plant the seed potatoes in the spring of 2013 and harvest A-class seed potatoes in the fall of 2013. In the spring of 2014, the grantees will be able to sell the A-class seed potatoes to potato farmers, who will transplant the seed potatoes on their land plots and harvest ware potatoes in the fall of 2014 for sale on the regional markets. Also, in accordance with the grant agreements with the associations, the associations will provide a minimum of 10% of their members' seed potato harvests free-of-charge to vulnerable households identified by NEO. In addition, NEO's international and local STTA will provide trainings and extension services in modern techniques of seed potato production, including: humidification, insulation and heating of storage facilities, and IPM, to ensure that the quality and yields of the grantees' seed potatoes are maximized during the FY 2013 production cycle.

### Activity 2.3.6 Hazelnut Value Chain

NEO, in partnership with the USAID/EPI project, arranged for 200 hazelnut farmers from NEO communities in the Zugdidi and Tsalenjikha municipalities to attend the USAID-supported EPI/AgriGeorgia Hazelnut Training Program. To support the implementation of new production techniques acquired through the AgriGeorgia training, NEO procured and distributed pruning equipment, knapsack sprayers, PPE and written guidelines for personal safety and environmentally safe usage of pesticides and equipment to 802 hazelnut farmers, who attended the training programs.



*Toolkit Distribution to Hazelnut Farmers Participating in the USAID sponsored EPI/AgriGeorgia Training*

### Activity 2.3.7 Tourism Value Chain

In December 2011, NEO issued an APS to seek concept papers for grant activities to promote the development of the tourism sector through projects supporting eco-tourism, adventure tourism, and/or cultural/heritage tourism in NEO communities in the Mtskheta-Mtianeti Region. Based on the APS, NEO received over 200 concept papers, and has awarded seven grants to support the development of the tourism sector in the Dusheti and Kazbegi Municipalities. Selected grant activities target improvements in adventure tourism enterprises (e.g., hiking, rafting, kayaking, mountain-biking, and mountain-climbing), souvenir production, camping and guesthouse services, restaurant and café infrastructure and services, and the capacity of local guides.

#### **Box 6: NEO Tourism Grantee Mountain Travel Agency Achieves 58 Percent Increase in Year 1 Sales Revenues**

*In June 2012, NEO awarded Mountain Travel Agency (MTA), a woman-owned business, a tourism grant to purchase additional equipment and develop an advertising campaign in order to expand its customer base during the tourist season in Kazbegi municipality. MTA used a combination of internal capital, grant funding and supplier credit to procure mountain climbing equipment, mountain-bikes and biking accessories, and camping equipment (tents, sleeping bags, and natural gas cooking equipment), as well as promotional materials (e.g., booklets and brochures). Based on the grant activities, MTA recorded a 67 percent increase in clients (from 6,000 to over 10,000 clients) and a 58 percent increase in sales revenues (from GEL 24,000 to over GEL 38,000) during the quarter: July – September 2012 relative to the same quarter in 2011. In addition, MTA has been able to fully repay the GEL 13,500 supplier credit provided and is now expanding their services to begin serving winter-tourism clients.*



### D. Activity 2.4. Capacity-building for targeted groups to address value chain constraints

During FY 2012, NEO arranged for international and local experts to conduct 50 trainings in modern techniques of agricultural production, attended by over 1,000 beneficiaries from communities in NEO's four target regions. The trainings focused on introducing modern technologies to improve the quality and yields of various honey, fruit, vegetable, and hazelnut crops.

#### Activity 2.4.1 Beekeeping Value Chain

NEO recruited an international commercial beekeeping specialist, who delivered four training sessions to beekeepers in the Racha-Lechkhumi and Kvemo Svaneti, and Mtskheta-Mtianeti regions. The trainings focused on: explaining to beekeepers the economic benefits of transitioning from primitive and inefficient Dadant Blatt hives to modern Langstroth hives; methods for identifying and

treating bee pests using modern IPM techniques; modern techniques for honey extraction and storage; and contemporary approaches to marketing honey products.

**Table 2. Beekeeping Trainings**

№	Date	Village/Town	Municipality/Region	Training Participants		
				Male	Female	Total
1	13-Sep-12	Lasuriashi	Tsageri, Racha-Lechkhumi & Kvemo Svaneti	14	0	14
2	14-Sep-12	Oni	Oni, Racha-Lechkhumi & Kvemo Svaneti	7	2	9
3	18-Sep-12	Dusheti	Dusheti, Mtskheta-Mtianeti	9	0	9
4	19-Sep-12	Stepantsminda	Kazbegi, Mtskheta-Mtianeti	6	0	6
<b>Total</b>				<b>36</b>	<b>2</b>	<b>38</b>

### Activity 2.4.2 Fruit Value Chain – Berries

Under the auspices of the USAID/Farmer-to-Farmer Program in Georgia, NEO recruited an international volunteer to conduct training in modern techniques of open field and greenhouse strawberry production for interested farmers from NEO communities in the Tsalenjikha and Zugdidi municipalities. NEO also recruited international and local experts to offer training and individualized extension services to grantees of NEO-supported strawberry demonstration farms and other farmers in the Samegrelo-Zemo Svaneti region. In addition, NEO organized two days of trainings in modern techniques of cane berry production at a demonstration farm in Shindisi (Gori municipality) for farmers from all four NEO target regions.

The main topics covered during the trainings and consultations addressed: modern varieties of berries (strawberries and cane berries), soil preparation, proper methods of berry planting, raised bed preparation, drip irrigation system installation and usage, fertilization and fertigation, weed management with plastic mulch and herbicides, IPM, techniques of overwintering, berry plant pruning, and farm management.

**Table 3. Berry Trainings**

№	Date	Village/Town	Municipality/Region	Training Participants		
				Male	Female	Total
1	24-Apr-12	Tsalenjikha	Tsalenjikha, Samegrelo-Zemo Svaneti	15	7	22
2	25-Apr-12	Zugdidi	Zugdidi, Samegrelo-Zemo Svaneti	19	9	28
3	05-Jul-12	Shindisi	Gori, Shida Kartli	29	8	37
4	06-Jul-12	Shindisi	Gori, Shida Kartli	33	25	58
5	10-Jul-12	Zugdidi	Zugdidi, Samegrelo-Zemo Svaneti	6	3	9
6	21-Sep-12	Zugdidi	Zugdidi, Samegrelo-Zemo Svaneti	15	5	20
<b>Total</b>				<b>117</b>	<b>57</b>	<b>174</b>

### Activity 2.4.3 Fruit Value Chain – Apples, Pears, Plums and Cherries

NEO's local expert conducted 11 training sessions on modern techniques of apple, pear and stone fruit production in the Gori and Kareli municipalities of the Shida Kartli region. The trainings focused on new varieties of apples, pears, plums and cherries; modern rootstocks; establishing and managing modern fruit orchards and nurseries; contemporary planting methods; irrigation; fertilization; integrated weed and pest management; and pruning of fruit trees.

**Table 4. Apple, Pear, Plum and Cherry Production Trainings**

№	Date	Village/Town	Municipality/Region	Training Participants		
				Male	Female	Total
1	19-Jun-12	Nikozi	Gori, Shida Kartli	43	4	48
2	21-Jun-12	Variani	Gori, Shida Kartli	9	12	21
3	22-Jun-12	Shindisi	Gori, Shida Kartli	21	2	23
4	26-Jun-12	Dzevera	Gori, Shida Kartli	19	1	20
5	28-Jun-12	Tirdznisi	Gori, Shida Kartli	16	0	16
6	13-Jul-12	Zegduleti	Gori, Shida Kartli	10	8	18
7	16-Jul-12	Breti	Kareli, Shida Kartli	23	0	23
8	24-Jul-12	Bredza	Kareli, Shida Kartli	11	6	17
9	25-Jul-12	Dvani	Kareli, Shida Kartli	17	1	18
10	27-Jul-12	Kekhijvari	Kareli, Shida Kartli	7	5	12
11	02-Aug-12	Mejvriskhevi	Gori, Shida Kartli	11	5	16
<b>Total</b>				<b>187</b>	<b>44</b>	<b>231</b>

**Activity 2.4.4 Vegetable Value Chain – Open Field and Greenhouse**

NEO recruited two local experts to conduct trainings in modern techniques of greenhouse and open field vegetable production. One expert delivered five trainings in greenhouse vegetable, herb and strawberry production in the Tsalenjikha and Zugdidi municipalities of the Samegrelo-Zemo Svaneti region. The trainings covered topics, such as: new technologies in greenhouse lettuce, dill, coriander, parsley, tomato and cucumber production; new varieties of vegetables and herbs; design and construction techniques for inexpensive greenhouses; planning prolonged cycles of greenhouse vegetable production in this region; greenhouse operations (optimal temperatures, humidity levels, etc.); modern techniques for growing seedlings; soil preparation; fertilization and fertigation; irrigation; pest and weed management.

**Table 5. Vegetable Production Trainings**

№	Date	Training	Village/Town	Municipality/Region	Training Participants		
					Male	Female	Total
1	25-Jun-12	Greenhouse	Didinedzi	Zugdidi, Samegrelo-Zemo Svaneti	12	12	24
2	26-Jun-12	Greenhouse	Kakhati	Zugdidi, Samegrelo-Zemo Svaneti	16	7	23
3	26-Jun-12	Open Field	Mchadijvari	Dusheti, Mtskheta-Mtianeti	16	8	24
4	27-Jun-12	Greenhouse	Zugdidi	Zugdidi, Samegrelo-Zemo Svaneti	13	9	22
5	28-Jun-12	Greenhouse	Jvari	Tsalenjikha, Samegrelo-Zemo Svaneti	7	15	22
6	29-Jun-12	Greenhouse	Nakipu	Tsalenjikha, Samegrelo-Zemo Svaneti	8	23	31
7	29-Jun-12	Open Field	Kvesheti	Dusheti, Mtskheta-Mtianeti	13	5	18
8	03-Jul-12	Open Field	Magharoskari	Dusheti, Mtskheta-Mtianeti	10	8	18
9	06-Jul-12	Open Field	Aragvispiri	Dusheti, Mtskheta-Mtianeti	8	15	23
10	07-Aug-12	Open Field	Berbuki (IDP)	Gori, Shida Kartli	7	26	33
11	08-Aug-12	Open Field	Shindisi	Gori, Shida Kartli	9	4	13
12	09-Aug-12	Open Field	Tirdznisi	Gori, Shida Kartli	8	2	10
13	10-Aug-12	Open Field	Khurvaleti (IDP)	Gori, Shida Kartli	3	21	24
14	22-Aug-12	Open Field	Mejvriskhevi	Gori, Shida Kartli	17	17	34
15	23-Aug-12	Open Field	Breti	Kareli, Shida Kartli	9	11	20
<b>Total</b>					<b>156</b>	<b>183</b>	<b>339</b>

Both local experts also led 10 trainings on modern techniques of open field vegetable production in the Mtskheta-Mtianeti, Shida Kartli and Samegrelo-Zemo Svaneti regions. The trainings addressed advantages of using modern varieties of tomatoes, beets, onions and carrots; vegetable seedling production techniques; soil preparation; raised bed systems; fertilization; fumigation; irrigation, including drip irrigation for tomatoes and onions, and spray irrigation for beets and carrots; weed management with plastic mulch and herbicides; vegetable crop disease prevention and treatment; and using meteorological station information to administer effective IPM techniques.

#### Activity 2.4.5 Vegetable Value Chain – Potatoes

NEO's two local vegetable experts also delivered seven trainings in modern techniques of seed-potato production in the Mtskheta-Mtianeti, and Racha-Lechkhumi and Kvemo Svaneti regions, as well as a training session in ware-potato production in the Kareli municipality of the Shida Kartli region. All trainings addressed the following primary topics: seed selection, soil preparation, seeding techniques, pest and weed management, irrigation and storage.

**Table 6. Potato Trainings**

№	Date	Village/Town	Municipality/Region	Training Participants		
				Male	Female	Total
1	26-Jun-12	Mchadijvari	Dusheti, Mtskheta-Mtianeti	16	8	24
2	29-Jun-12	Kvesheti	Dusheti, Mtskheta-Mtianeti	13	5	18
3	03-Jul-12	Magharoskari	Dusheti, Mtskheta-Mtianeti	10	8	18
4	06-Jul-12	Aragvispiri	Dusheti, Mtskheta-Mtianeti	8	15	23
5	13-Jul-12	Stepantsminda	Kazbegi, Mtskheta-Mtianeti	10	4	14
6	30-Jul-12	Ghebi	Oni, Racha-Lechkhumi & Kvemo Svaneti	28	2	30
7	31-Jul-12	Glola	Oni, Racha-Lechkhumi & Kvemo Svaneti	11	6	17
8	28-Sep-12	Kvenatkotsa	Kareli, Shida Kartli	25	6	31
<b>Total</b>				<b>121</b>	<b>54</b>	<b>175</b>

#### Activity 2.4.6 Hazelnut Value Chain

NEO recruited an international hazelnut pest management expert, who conducted six trainings for farmers, and local and international stakeholders in the Tsalenjikha and Zugdidi municipalities of the Samegrelo-Zemo Svaneti region, addressing the following topics: identifying the Webworm Moth (WWM); monitoring the WWM's life cycle and stages of biological development; WWM behavioral patterns; WWM morphology; determining WWM population levels; natural predators of the WWM; and mechanical, biological and chemical control methods for the WWM.

**Table 7. Webworm Moth Trainings**

№	Date	Village/Town	Municipality	Training Participants		
				Male	Female	Total
1	23-Aug-12	Koki	Zugdidi, Samegrelo-Zemo Svaneti	16	1	17
2	23-Aug-12	Zugdidi	Zugdidi, Samegrelo-Zemo Svaneti	16	1	17
3	23-Aug-12	Zugdidi	Zugdidi, Samegrelo-Zemo Svaneti	9	4	13
4	24-Aug-12	Zugdidi	Zugdidi, Samegrelo-Zemo Svaneti	15	6	21
5	25-Aug-12	Tsalenjikha	Tsalenjikha, Samegrelo-Zemo Svaneti	10	0	10
6	25-Aug-12	Zugdidi	Zugdidi, Samegrelo-Zemo Svaneti	17	1	18
<b>Total</b>				<b>83</b>	<b>13</b>	<b>96</b>

### **E. Activity 2.5. Establish at least one Joint-Use Center near Abkhazia or South Ossetia**

Early in the second quarter of 2012, NEO announced an APS to solicit concept papers from eligible Georgian organizations to establish a Joint Use Center (JUC) within a NEO target municipality in either the Samegrelo-Zemo Svaneti or Shida Kartli region. NEO received ten concept papers in response to the APS. While reviewing the concept papers, NEO was simultaneously in the process of integrating its approach for the sustainable development of select agricultural value chains. Based on NEO's assessment of the products and services currently available for farmers in NEO's target regions, NEO concluded that the Zugdidi municipality would be the optimal location for the JUC and that existing agricultural input and service providers were in dire need of improving their capacity to better offer high quality products and services to their farmer-clients. NEO's assessment revealed that farmers in Georgia with their small, fragmented land plots continue to struggle to compete with increasing quantities of imported agricultural products available on the Georgian market. Because of lack of information of market demand and limited knowledge of modern production and marketing techniques, Georgian farmers face increasing difficulties in producing products on a commercial basis that meet the rising standards of the domestic market.

While the international donor community and the Georgian government have attempted to address these issues by supporting the establishment of private and public sector input suppliers, farm service centers, mechanization centers, demonstration farms, nurseries, etc.; there is substantial room for these service providers to significantly improve and broaden their product and service offerings to better address the needs of Georgia's small-scale farmers. One of the key obstacles is that currently, agricultural service providers tend to offer limited to no extension services to farmer-clients, as they lack adequate training in the proper use and/or application of the products they rent or sell to their clients, as well as modern techniques of agricultural production. Service providers also often lack necessary equipment, machinery and supplies most needed by farmers with their small plots of land.

Based on NEO's new strategy to improve the quality of services and products offered by service providers in NEO regions, NEO decided to cancel the original APS. Instead, in the first quarter of 2013, NEO will announce a revised RFA to identify a grantee to establish a JUC at an appropriate location in the Zugdidi municipality, as well as target existing agricultural product and service providers in NEO target regions, that have the capacity and commitment to develop their product and services to better serve the needs of their farmer-clients.

### **F. Activity 2.6. Other Activities**

In addition to launching the value chain grant and training activities mentioned above, NEO also conducted assessments of: the constraints to micro-, small- and medium-sized enterprises (MSMEs) in accessing credit from financial institutions; the impact of the WWM on hazelnut production; and the damage of the July 2012 hailstorm in six communities in the Dusheti and Tianeti municipalities of the Mtskheta-Mtianeti region. In order to offer insight to a wider audience within NEO's target value chains, NEO also prepared, and arranged for the publication and distribution of articles on modern techniques of agricultural production for distribution to farmers in NEO communities.

#### **Activity 2.6.1 Access to Finance**

During the first quarter of FY 2012, NEO recruited a local expert to conduct a gap analysis of access to finance for MSMEs in NEO's four target regions. The expert identified the following primary constraints for MSMEs in accessing finance from Georgian financial institutions: high interest rates (22–36 percent), high collateral requirements from banks, farmers' lack of knowledge

of modern production techniques, loan officers' lack of knowledge of the agricultural sector, MSMEs lack of financial literacy and financial recordkeeping, absence of market data to measure historical and future market prices for agricultural products, and no financing capital for start-up enterprises. During FY 2013 NEO intends to address these constraints by linking farmers with buyers (processors and distributors), extension service providers (farm service centers), and crop insurance providers, which will significantly reduce the risks associated with agricultural production and in turn, will reduce the collateral requirements and interest rates required by the financial institutions.

#### **Activity 2.6.2 Webworm Moth**

In order to complement USAID/EPI's interventions and further support the development of the hazelnut sector in Georgia, in FY 2012 NEO focused on identifying approaches to marginalize the impact of the WWM, which attacks a wide range of forest, nut and fruit trees and causes rapid defoliation. During the last five years, the WWM has had a significant impact on the yields of the hazelnut sector in Georgia, with losses estimated between 20-25 percent. NEO recruited an international entomologist to assess the impact of the WWM on the hazelnut sector and propose interventions to marginalize the WWM's impact on the yields of hazelnut trees and other crops.

Based on recommendations made by the international entomologist, after completing two short-term assignments in June and August 2012, NEO is exploring the possibility of supporting the creation of a database that will track and map the movements and distribution of the WWM, and possibly other pests, in Georgia's Imereti, Samegrelo, Guria and Adjara regions. The database would provide farmers with information as to "when" and "how" they should use mechanical, biological and/or chemical means to protect their crops from the WWM and other pests. In FY 2013, NEO plans to coordinate with the Ministry of Agriculture, Georgian research institutions and/or other private-sector stakeholders to identify approaches for the maintenance and sustainability of the database.

#### **Activity 2.6.3 Agrarian Georgia magazine**

In order to disseminate further modern techniques of production within NEO's agricultural value chains, NEO has contracted with the monthly Georgian magazine, *Agrarian Georgia*, to publish articles for distribution to interested beneficiaries within and outside of NEO communities. Since August 2012, *Agrarian Georgia* has included in its magazine six NEO articles on the following topics: inexpensive greenhouse construction techniques; and modern techniques of raspberry, potato, onion and apple production. Monthly, NEO distributes 1,000 copies of the magazine to beneficiaries in NEO communities. In addition, NEO has arranged for inclusion of a form in each copy of the magazine, which allows farmers to pose questions or request additional information from a NEO agricultural expert about a particular subject related to the NEO articles. To date, NEO has received over 150 questions, which NEO experts will address in upcoming articles and information sessions in 2013.

#### **Activity 2.6.4 Emergency Funds**

On July 19, 2012, a heavy rain, hail and wind storm caused wide-spread damage in the communities of Bulachauri (Dusheti municipality), and Nakalakari, Sioni, Khevsuretsopeli, Simonaantkhevi and Gulelebi (Tianeti municipality) in the Mtskheta-Mtianeti region. In response to the request of USAID, NEO conducted a rapid needs' assessment and submitted a concept paper requesting authorization to mobilize an estimated ██████████ in NEO Emergency SAF Reserves to support the

recovery of the agricultural sector in the six abovementioned communities. The concept paper proposes to assist vegetable farmers in the Bulachauri community to restart their vegetable production activities, potato farmers in the Tianeti municipality to obtain certified seed potatoes, and livestock farmers in both municipalities to access feed blocks as a dietary supplement for their livestock during the winter months.

### **Component 3: Assistance to Strengthen Highly Vulnerable Households and Individuals**

Component 3 activities are aimed at improving the livelihoods and increasing the incomes of vulnerable households through the facilitation of employment opportunities and increasing agricultural and non-agricultural production of target households.

In order to facilitate the job placement of its beneficiaries, NEO has chosen two main tools to improve their professional qualifications: (i) demand-driven vocational training, and (ii) on-the-job training in private and/or public sector organizations. In order to increase production of target households, NEO selected two NGOs as livelihood service providers to deliver technical and in-kind assistance to beneficiary households in NEO's target communities.

#### **Box 7: Component 3 - Assistance to Strengthen Highly Vulnerable Households and Individuals Results**

*In FY 2012, NEO provided vocational training to 254 vulnerable individuals in the trades of apparel-making, beekeeping, grafting, hairdressing, welding, plumbing, tile-setting, and electrical works. Despite the fact that this first group of vocational trainees only completed their training in early September 2012, within the two weeks till the end of the reporting period, 46 percent (116) of the graduates had already obtained new jobs or improved their employment status; a result which is expected to increase.*



*Lasha Ghonghadze - a newly employed NEO plumbing graduate*



*Jvari Graduation Ceremony*



*Natalia Kopadze offers tailoring services from her home*

#### **A. Activity 3.1. Facilitate employment opportunities**

*Vocational training:* NEO identified 12 vocational training providers throughout Georgia with the capacity to provide vocational training in the demanded skills and trades. In the first year, grant agreements were signed with 5 of the 12 selected training providers: Khidistavi Vocational College "Orienti"; Ambrolauri Vocational College "Erkvani"; Shota Meskhia State Teaching University in Zugdidi; Association of Women, Disabled People and IDPs in Tsalenjikha; and Jvari Vocational

College “Lakada” to deliver short-term vocational training in apparel-making, hairdressing, beekeeping, grafting, plumbing and tile-setting, welding, and electrical works.



NEO apparel-making students

Beekeeping Graduation in Ambrolauri

Tile-setting class in Khidistavi

Working with the community working groups, 269 beneficiaries from NEO target communities were identified to participate in vocational training programs. Of the selected training participants, 79 percent were officially registered as vulnerable - the other 21 percent were identified as vulnerable by community working groups.

**Table 8. FY 2012 NEO Vocational Training Participants Identified**

Trade	Zugdidi	Tsalenjikha	Jvari	Khidistavi <sup>3</sup>	Ambrolauri	TOTAL
Apparel-making			15	15		30
Beekeeping		25			35	60
Electrical works				13		13
Grafting				11		11
Hairdressing		45		40		85
Plumbing and tile-setting			34	25		59
Welding	11					11
<b>TOTAL</b>	<b>11</b>	<b>70</b>	<b>49</b>	<b>104</b>	<b>35</b>	<b>269</b>

Of the 269 beneficiaries identified for training, 94 percent completed short-term vocational training.

**Table 9. NEO Vocational Training Graduates**

Trade	Zugdidi	Tsalenjikha	Jvari	Khidistavi	Ambrolauri	TOTAL
Apparel-making			15	13		28
Beekeeping		25			35	60
Electrical works				11		11
Grafting				11		11
Hairdressing		45		37		82
Plumbing and tile-setting			32	20		52
Welding	10					10
<b>TOTAL</b>	<b>10</b>	<b>70</b>	<b>47</b>	<b>92</b>	<b>35</b>	<b>254</b>

<sup>3</sup> Beneficiaries from Dusheti attend trainings in Khidistavi together with beneficiaries from Shida Kartli

To maximize employment opportunities for the training graduates, professional toolkits were given to the successful graduates, including beehives for those who successfully completed beekeeping training.



NEO Toolkits for electricians, apparel-makers, and beekeeping graduates

**Table 10. Vocational Toolkits Provided**

Trade	Zugdidi	Tsalenjikha	Jvari	Khidistavi	Ambrolauri	TOTAL
Apparel-making			11	10		21
Beekeeping		25			35	60
Electrical works				10		10
Grafting				11		11
Hairdressing		28		26		54
Plumbing and tile-setting			10	9		19
Welding	6					6
<b>TOTAL</b>	<b>6</b>	<b>53</b>	<b>21</b>	<b>66</b>	<b>35</b>	<b>181</b>

The selection process for year two vocational training is underway. Courses will be provided for qualifying vulnerable populations in newly entered communities. In addition, Component 3 and Component 4 teams will cooperate to identify IDPs living in target settlements and collective centers with opportunities to enroll in vocational trainings courses. To date, 392 residents of NEO target buildings and settlements have been identified from the Shida Kartli, Mtskheta-Mtianeti, Samegrelo and Imereti regions as potential beneficiaries of NEO vocational training. Candidates are being shortlisted for vocational training in various trades with priority given to construction trades to facilitate job placement on the construction teams contracted for USG-funded rehabilitation of their residences.

*On-the-job training:* In FY 2012, NEO also met with 130 potential employers across all four target regions. Based on these meetings, 99 potential employers submitted draft concept papers to NEO outlining prospective business expansion plans, which would increase their demand for labor. In 2013, livelihood service providers, Abkhazintercont (AIC) and Civil Development Agency (CiDA) will select potential employers based on the concept papers received, identify on-the-job trainees from the NEO target vulnerable population, and facilitate the on-the-job placement process. The service providers will not limit identification of on-the-job opportunities only to the concept papers received, but will also look for other opportunities in target communities.

## **B. Activity 3.2. Improve livelihoods of target households through increased household production and diversification of income sources**

NEO also aims to increase production within NEO target vulnerable households in the agricultural and non-agricultural sectors, and effectively and sustainably promote diversification of income sources for these households.

In FY 2012, NEO released an RFA to identify livelihood service providers to implement technical and in-kind assistance to vulnerable beneficiaries in priority sub-sectors. As a result of a competitive process, the NGOs AIC and CiDA were selected. The selected service providers will actively start working in the respective regions in early October 2012 and complete beneficiaries' selection in 61 NEO target communities by mid-December 2012. To promote sustainability of these activities, priority will be given to beneficiaries with strong commitment and potential for economic development, and strategic selection of priority sub-sectors in close cooperation with Component 2.

## **Component 4: Promoting the Sustainability of IDP Housing**

In FY 2012, NEO IDP Housing component successfully piloted the development of HOAs in seven IDP apartment buildings and tenants' associations (TAs) in two IDP settlements benefitting 429 households. The IDP pilot program enabled NEO to accomplish several key outputs that NEO will use to roll out on a larger scale, a sustainable management system for IDP buildings and settlements once the USAID/Georgia Municipal Infrastructure and IDP Housing Rehabilitation Program (GMIP) and Municipal Development Fund (MDF) rehabilitation is completed and the buildings are re-inhabited by IDP tenants. Below we describe the key accomplishments under Component 4 during FY 2012:

- NEO hired an international Housing Association expert to develop the capacity of NEO's HOA/TA development subcontractor, CHCA;
- With the international expert's technical input, NEO developed a draft HOA Handbook, which will be expanded and refined in FY 2013;
- NEO created and distributed promotional materials highlighting the benefits of creating HOAs and TAs;
- NEO developed training materials and trained local government officials about their roles and responsibilities in assisting HOAs and TAs;
- NEO formed maintenance teams in each of the nine pilot HOA/TAs, developed maintenance training materials, and trained selected IDP HOA/TA maintenance teams in maintenance, environmental health and safety issues, and energy efficiency issues;
- NEO established and trained nine pilot HOAs and TAs in HOA/TA management practices;
- Trained partner municipality staff members, as well as central and regional office representatives of the Ministry of IDPs from the Occupied Territories, Accommodation and

### **Box 8: Increasing Access to Finance for Vulnerable Individuals**

*In September 2012, NEO initiated a grant program to support the provision of no-interest microloans to vulnerable populations, IDPs and start-up business ventures, who would not yet qualify for commercial financing. The Income Generation and Business Support Initiative (IGBS), to be implemented by CHCA, will use GEL 235,980 in funding from the Dutch Stichting Vluchteling Fund to issue no-interest loans to target NEO vulnerable and IDP beneficiaries. Grant support from NEO will be used to fund the outreach, training, administrative and monitoring activities of program and ensure that high rates of repayment (on average 97 percent) are maintained. Based on previous experience, the program is expected to provide business management, business proposal, and loan management training for 530 individuals, and extend up to 330 individual and group loans in FY 2013 and 2014.*

Refugees of Georgia (MRA) in HOA/TA concepts, oversight, maintenance and energy efficiency issues; and

- In order to promote HOA/TA sustainability, NEO provided capacity building for the management teams of the pilot HOAs and TAs in business plan development, and is in the process of facilitating the development of income generating projects to provide sustainable funding for the associations.

The NEO IDP Housing team established regular coordination meetings with all stakeholders involved in IDP Housing activities in Georgia, including: USAID/ GMIP project, MDF, MRA, the Norwegian Refugee Council (NRC) and Danish Refugee Council (DRC). The stakeholders coordinate on their respective activities related to housing for IDPs and share information on the selection of target sites, schedules for rehabilitation works, the privatization process, and share training and background materials.

Starting in FY2013, NEO will also involve Component 4 beneficiaries in other component activities. For example, we will seek to involve interested IDP residents in Component 3 vocational training activities. In addition, we will strive to involve residents of IDP settlements in Component 2 agriculture training and projects related to beekeeping, greenhouse, open-field, and berry production. In addition, our IDP beneficiaries will be able to apply for no-interest micro-loans through the IGBS project sponsored by NEO (see text box) to increase their access to capital. Moreover, HOAs/TAs and maintenance teams will be able to apply for group loans through the program.

**A. Activity 4.1. Form homeowners’ associations or tenants’ associations in pilot buildings or settlements**

In early FY 2012, USAID/Georgia authorized NEO to pilot project implementation in six<sup>4</sup> apartment buildings and two cottage settlements in FY2012. During this pilot phase, all needed materials, documentation and the methodology for larger-scale HOA/TA creation in USG-rehabilitated IDP buildings and settlements were developed and tested.

**Table 11. Pilot IDP Collective Centers and Settlements**

Project Location	Collective Center/Settlement	Number of families	Individuals <sup>5</sup>	Privatized	Rehabilitated
Gori	Khurvaleti Settlement	130	455	in process	yes
	Berbuki Settlement	134	469	in process	yes
Rustavi	Former Dosaaf building	30	105	in process	yes
	Former "Turbaza"	20	70	in process	no
Kutaisi	Former Concrete Factory Building	21	73.5	in process	yes
	Former Kindergarten # 19	23	80.5	in process	yes
Senaki	Former Agro-economic Collage	22	77	in process	yes
	Former Railway boarding school <sup>6</sup>	52	182	will start soon	yes

<sup>4</sup> The Senaki collective center located in the Former Railway Boarding Center includes two buildings, the inhabitants of which decided to form two separate homeowner’s associations. So, instead of 8 intended HOAs for the 6 buildings and 2 settlements in the pilot program, a total of 9 HOAs were established.

<sup>5</sup> Families x 3.5 persons.

<sup>6</sup> This collective centre includes two buildings and the residents decided to form two separate homeowner’s associations.

The IDP Housing Team traveled to the regions and liaised with stakeholders involved in IDP Housing issues, including MRA and its regional branches, NRC, DRC, MDF, UNHCR and local officials of Kutaisi, Senaki, Rustavi and Gori municipalities, as well as representative for municipalities of the occupied territories of Georgia such as Kurta, Eredvi, and Tigva. As a result of these meetings, the NEO IDP Housing Team obtained a list of fully or partially privatized IDP apartment buildings; learned about the experience of other donors and implementers; discussed NEO's IDP Housing component activities to prevent duplication of activities; reviewed recent information on the ownership transfer process, as this was the key criterion for selecting pilot target buildings and settlements. Based on this information, NEO pre-selected the two settlements of Khurvaleti and Berbuki, and 20 apartment buildings in Kutaisi, Senaki and Rustavi. The final pilot sites (two settlements and six buildings – see Table 11 above) were selected in conjunction with NEO's HOA/TA subcontractor CHCA in March 2012.

In January 2012, the IDP Housing Team issued an RFP to identify a local service provider to assist NEO in developing training materials, a guidebook on HOA/TA formation and management, and to support the associations' formation and capacity building process. Through a competitive selection process, NEO contracted CHCA to facilitate the establishment of HOAs and TA in six pilot IDP buildings and two settlements; organize and train maintenance teams; train respective government officials; and assist HOAs and TAs in developing income generating projects. To streamline the process, NEO recruited an international short-term technical advisor in March 2012 to provide training and capacity building on HOA/TA issues to CHCA. The advisor led a training of trainers (ToT) for CHCA trainers, which covered legal considerations in HOA and TA formation and management, responsibilities of HOA/TAs, management and administration of HOAs/TAs, financial management, facility maintenance, communication, and M&E. Following the ToT workshop, the advisor worked with CHCA to develop training materials on HOA/TA formation and capacity building, including training curricula, presentations and handouts for HOA/TA members, and drafted a guidebook on HOA/TA formation and management. NEO also provided CHCA with the legal review on the Law on HOAs to ensure that the training materials are developed in alignment with Georgian legislation.



The NEO IDP Housing Team also developed and printed promotional brochures to be used during the HOA/TA promotional campaign and outreach activities in target IDP communities. The draft brochures outline the benefits of HOAs/TAs, define the concept of common property, and highlight the rights and responsibilities of homeowners and other HOA/TA related legislation. NEO and CHCA held eight introductory meetings on the establishment of HOAs and TAs for more than 303 residents of the Berbuki and Khurvaleti IDP cottage settlements and the Kutaisi, Senaki and Rustavi IDP apartment buildings. As a follow-up to the introductory meetings, CHCA delivered 14 two-day training sessions on *Establishing and Managing Homeowners' and Tenants' Associations* in the eight pilot IDP communities. The training curriculum provided IDPs with the knowledge of effective communication and planning processes, infrastructure improvement needs, the legal basis for HOAs/TAs, the concept

of individual and common-use property, association formation procedures, budgeting and possibilities for income generation activities. A total of 421 beneficiaries received training, including: 50 beneficiaries from Rustavi, 53 from Senaki, 49 from Kutaisi, 109 from Berbuki, and 160 from Khurvaleti.

In FY 2012, nine associations (7 homeowners in IDP buildings and 2 tenants' in IDP settlements) were formed; chairpersons elected, association charters developed and minutes on the meeting on establishing the associations developed and notarized. The official registering of the associations will take place once ownership of the apartments and cottages are transferred to the IDPs by the Georgian Government. In order to promote the sustainability of the associations, NEO also provided business planning training for 40 representatives from the management boards of the nine pilot housing associations. Training included: small business concepts and planning; basics and objectives of marketing and market segmentation; financial planning including: minimum sustainability income, fixed and variable costs, pricing and the break-even point, cost-benefit analysis, cash flow and balance sheets; registration and taxation. As a follow up to the training, the HOAs/TAs are developing income-generation grant applications for submission to NEO. The income-generation projects, if approved for NEO support, will be managed by the HOAs/TAs to generate income to establish and support home maintenance funds.

**B. Activity 4.2. Training in sustainable housing and infrastructure maintenance**

NEO also identified and trained Maintenance Teams (MTs) for each of the pilot IDP buildings and settlements with the goal of promoting sustainable housing. The residents of each settlement nominated members for the MT with a formal or informal background in infrastructure maintenance, demonstrated motivation to improve their skills in infrastructure rehabilitation trades, and willingness to assist the HOA/TA to maintain residential areas, including private and common use facilities within each settlement. MT members possess diverse technical skills in tiling, plumbing, masonry, plastering, painting, welding, etc.

In order to customize the maintenance training curriculum to the needs of the IDP rehabilitated residences, the IDP Housing team visited around 30 IDP buildings in Kutaisi, Senaki, and Rustavi to identify maintenance needs such as plumbing, electrical work, sewer and water supply installations, and roofing to be reflected in maintenance trainings. NEO, together with CHCA and USAID's Engineer, Gocha Lobzhanidze, developed the maintenance team training program and training materials. NEO also finalized the selection of the nine maintenance teams in the pilot communities; teams consist of approximately five residents per community. Local professionals, who have infrastructure maintenance and repair experience and were certified by USAID's Vocational Education Program (VEP), were also identified in the target regions to serve as future maintenance trainers. These professionals were selected to attend the maintenance trainings and will work jointly with the maintenance teams in the future.

Based on the municipality's request, NEO also included staff members of the Kutaisi Housing Infrastructure Service Department in the trainings to improve their skills and knowledge of the maintenance needs of IDP apartment buildings. The Department's maintenance teams intend to serve as trainers of future IDP housing maintenance teams established in and around Kutaisi. The three-day training program, conducted by NEO and CHCA, focused on raising the residents' awareness of common home maintenance needs, as well as understanding the professional skills development and maintenance tools needed in order to enable the maintenance teams to support their HOAs and enhance their own employment opportunities. The trainings addressed: the role of maintenance teams in homeowners' associations; the maintenance needs of various structural components of buildings;

regular maintenance needs and schedules; assessment and prioritization of problems; small-scale repairs; home safety including mold prevention and treatment; and needed maintenance skills and tools. NEO, in cooperation with USAID's New Applied Technology Efficiency and Lighting Initiative (NATELI), also delivered trainings on energy efficiency, and environmental health and safety issues. The trainings also provided an overview of global climate change and its impact, energy conservation, insulation, and water and sanitary issues. In total, 59 people attended the training.

In October 2012, NEO will grant each HOA/TA with a set of maintenance tools for use by the MTs and/or HOA/TA members to repair building and settlement infrastructure as needed. The items to be provided have been selected to match the skill sets of the specific HOA/TA MT members and will equip the MTs to address the specific maintenance needs of their settlements, which were identified during the home maintenance training provided by NEO. HOAs/TAs are developing policies and fees for lending the equipment; they will track the usage of the equipment and the income generated from the maintenance services provided and tool-lending revenues, which will be used for the repair and upkeep of the equipment. The maintenance tools are expected to enhance the HOA/TA's ability to maintain the IDP apartments and common-use areas and to increase employment opportunities for MT members.

The MTs are responsible for providing regular checkups of the common-use infrastructure condition (e.g. roof, electrical wiring, entry doors, staircase spaces, plumbing, basement, etc.) and advising their HOA/TA on the next steps to solve identified problems. They will also provide maintenance of common-use facilities with a reasonable discount. The amount to be paid to MTs for particular maintenance works will be decided on a case-by-case basis by HOAs/TAs and MTs. In addition, MT members will be allowed to borrow the HOA/TA tools for use outside of their settlement to earn income, provided that they will contribute a percentage of the income earned with the tools to the settlement's maintenance fund.

NEO is also working with MRA, MDF, and GMIP to facilitate employment of IDPs living in FY 2013 target IDP collective centers and settlements on the rehabilitation of their residences. NEO has identified housing maintenance teams and other skilled laborers from the 28 buildings and 9 settlements which were identified, and will facilitate vocational training to develop their professional skills in construction trades. MRA and MDF will then promote the employment of these trained IDPs on the construction teams contracted for the rehabilitation of the IDP buildings.

### **C. Activity 4.3. Capacity development for municipalities with HOA oversight**

NEO IDP Housing Team met with officials of Kutaisi, Senaki, Gori and Rustavi municipalities in November 2011 to introduce the goals of the component and discuss cooperation with the municipalities in support of NEO's HOA/TA activities. All municipalities expressed willingness to participate in the implementation of the project, as well as to participate in trainings on HOA/TA and maintenance issues. The parties also agreed to and signed LOIs to establish cooperation between the municipality and NEO IDP Housing component.

During the second quarter of FY 2012, the IDP Housing team conducted meetings with officials from the Rustavi, Gori, Kutaisi, and Senaki municipalities to discuss HOA/TA development, maintenance training needs, and identify training participants from each municipality. The training needs identified by the municipalities included: proper upkeep of abandoned houses; income generation and other activities to promote the sustainability and effectiveness of HOAs and TAs; training on conducting public awareness campaigns to inform people of the benefits of HOAs/TAs; roles and responsibilities of HOA/TA members; and best practices of HOA/TA management. While planning HOA/TA trainings for

municipalities, NEO considered and drew on the experience of the Rustavi and Kutaisi Housing Infrastructure Departments, pioneers in Georgia in HOA management.

On June 27-29, 2012 NEO delivered HOA/TA management training for 21 representatives of the Rustavi, Kutaisi, Senaki, Zugdidi and Gori municipalities. The training was also attended by representatives of the central and regional departments of the MRA, as well as representatives of the Abkhazia government-in-exile, and the USAID/GMIP project. The two-and-a-half day training addressed the following topics: energy efficiency (delivered by USAID's *New Applied Technology Efficiency and Lighting Initiative (NATELI)*); the role of HOAs; establishing, registering and self-government of HOAs; property issues and common property; HOA management, administrative and decision-making procedures; complaint mechanisms; and interaction and joint activities between the local government and HOAs. The training also addressed the role of municipalities in HOA/TA oversight and quality control of maintenance provided by the MTs, including: the concept of regular maintenance; the role of MT and their composition; and priority maintenance issues in apartment blocks and cottages (e.g., moisture, mold, energy efficiency, child safety, etc.). Discussions were also held on: local-government responsibilities and administrative roles in assisting HOAs to register; promoting IDP employment in municipal infrastructure programs; and involving HOAs in the development of the local budget. The Kutaisi and Rustavi municipal officials gave presentations about their HOA programs, and answered questions from other municipalities on their HOA experience.

### **Box 9: Senator Durbin's Visit to Khurvaleti IDP Settlement**

*On May 31, 2012, NEO hosted a visit from U.S. Senator Durbin, U.S. Ambassador John R. Bass, and USAID/Georgia Mission Director Steve Haykin to the Khurvaleti IDP settlement, where the delegation was briefed on NEO's planned and on-going projects in the settlement. During the senator's visit, he inquired about the main priorities and challenges in the community which include: inadequate infrastructure (water supply system and drainage); absence of kindergartens and schools; and high levels of unemployment. The USAID/GMIP will be addressing infrastructure issues in the community, while NEO will provide assistance to create a TA and MT to ensure the proper upkeep of the rehabilitated residences, as well as vocational training, agricultural advancement, and livelihoods assistance to promote income generation and employment opportunities for the residents.*



## Project Operations

### Grants and Subcontracts

#### A. Grants

In compliance with the terms of the contract, Chemonics developed a Grants Manual, which in detail describes the grant award process and defines USAID rules and regulations. The NEO Grants Manual is a helpful guidance document and promotes transparency, accountability and open competition for NEO grants.

During the first year, the project received and processed 220 concept papers in response to an APS published for tourism development in December 2011. Of the 220 papers received, 198 concept papers were rejected as they did not meet the requirements and 22 were recommended for development into a full grant application. As a result of Technical Evaluation Committee and USAID approval, NEO awarded seven grants for a total amount of ██████████.

In addition, NEO published 10 RFAs to provide vocational training, improve greenhouse and potato seed production, develop fruit and vegetable nurseries, introduce strawberry farming, and meteorological stations for early crop disease control. NEO has also awarded two grants to Component 3 service providers and one for an income generation and business support initiative. As a result, by the end of September 2012, NEO has signed 29 grant agreements valued at ██████████.

**Table 12. Grant Summary Table**

Sector	No. of Awards	Type of Organization	Total Commitment USD	Percentage Total
Tourism	7	Private	██████████	██
Vocational Training	5	Vocational College	██████████	██
Greenhouses	11	Private	██████████	██
Strawberries	1	Association	██████████	██
Meteorological Station	1	Private	██████████	██
Hazelnut Toolkits	1	NGO	██████████	██
Access to No-Interest Loans	1	NGO	██████████	██
Livelihood Programs	2	NGOs	██████████	██
<b>Total</b>			██████████	████

By the end of September 2012, NEO disbursed ██████████ of the total awarded grants and committed ██████████ of available grant funds. Grant monitoring is an ongoing activity and NEO will continue to report on the impact of the grants as the data becomes available.

#### B. Subcontracts

During FY 2012, NEO signed 12 subcontracts of which all are with local organizations. NEO is actively working on identifying infrastructure projects in target communities and commitments will significantly increase in this field next year. The table below shows subcontracts committed and disbursed during the first project year.

**Table 13. Subcontracts Summary Table**

Subcontractor	Contract	Commitments USD	Disbursements USD	Remaining Balance
Geo Ltd.	Design – Brotsleti, Ergneti			
Geo Ltd.	Design – Dirbi			
I/E Palavadishvili	Design & Supervision - Dusheti			
Gio Ltd.	Construction – Brotsleti, Ergneti			
Gio Ltd.	Construction – Dirbi			
Geoservices+ Ltd.	Design and Build – Nikozi, Akrisi, Dzevera			
AYEG	EDP Service Provider – East Georgia			
AYEG	EDP Service Provider – West Georgia			
CHCA	Training Provider – Component 1			
CHCA	HOA/TA Service Provider			
KRDF	HOA/TA Legal Advisor			
GORBI	Household Income Survey Provider			
<b>Total</b>				

**Project Communications**

NEO’s public outreach tasks and activities aim to showcase NEO’s accomplishments and generate public awareness about the project’s work in Georgian communities. The project information strategies and public outreach campaigns have been designed to support the major communication objectives that include: developing strong linkages with key stakeholders such as other USAID and donor projects, the Georgian government, communities, municipalities, service providers and the private sector; creating awareness of USAID assistance, including NEO and its goals; creating awareness of Georgia’s progress in regional economic development; and developing interest in and a sense of ownership of USAID/NEO’s activities among communities.

In line with the communications plan included in the FY 2012 Work Plan, NEO developed several communication tools to support specific project initiatives and ensure favorable public and stakeholder perceptions of NEO’s accomplishments and activities:

**A. Website Development and Monitoring: [www.georgiano.org](http://www.georgiano.org)**

The Communications Team developed the design and the contents for the NEO website, which was launched in July 2012 after receiving USAID approval. As the face of the project, the NEO website is a major tool for raising awareness and understanding of NEO throughout its development. The NEO website serves as a repository of project information, achievements, and public documents, and communicates transparency by supplying reliable and accurate project information, such as calls for grants or tender announcements.

## B. Public Events

During FY 2012, public events have become a key means for NEO to share information about the project and its activities. In addition to events intended to generate media coverage, such as the project launch, NEO has hosted or helped to develop public events tailored to specific project initiatives. As an example, NEO held events in targeted communities and municipalities that provided stakeholders the opportunity to express ideas, engage the private and public sector, share best practices, and assist in setting priority directions in the EDPs.

The list of public events NEO facilitated with the US Embassy, USAID and the Georgian government during FY 2012 includes:

- The project official launch event held on October 21, 2011 in the village of Kvesheti, Dusheti municipality. The event gave the local community and micro entrepreneurs an opportunity to meet with the US Ambassador to Georgia. The launch was broadly publicized through the main media outlets, both television and print media: *Public Channel, Rustavi 2, IMEDI, Maestro, Region TV, and Dusheti TV*; newspapers – *The Messenger, Financial, Sakartvelos Respublika, and 24 Hours*.
- MOU signing events for USAID with the municipalities of Gori, Kareli, Zugdidi, Tsalenjikha, Oni, Tsageri, Lentekhi, Dusheti and Kazbegi to formalize cooperation with NEO. The events were broadly publicized in various media outlets, including national – *Public Channel, Rustavi 2, IMEDI, Maestro*, and local broadcasters - *Trialeti TV, Odishi TV, Jikha TV*; newspapers – *The Messenger, Sakartvelos Respublika, Kartlis Kronika, Karelis Moambe, Goris Moambe, Egrisis Matsne*, Radio stations – *Imedi, Atinati, Radio Tavisupleba*.

### **Box 10: USAID Signs MOUs with 10 Target NEO Municipalities**

*Between February and August 2012, NEO facilitated MOU signings events with the municipalities of Gori, Kareli, Zugdidi, Tsalenjikha, Oni, Tsageri, Lentekhi, Dusheti and Kazbegi; and a desk signing with the Khashuri municipality in September 2012. The MOUs formalize cooperation between USAID and the respective municipalities under the USAID/NEO project, and help to facilitate the development of community-level economic development plans; rehabilitation of selected small-scale infrastructure projects; implementation of rural economic development, livelihood and value chain activities; and support sustainable IDP housing by establishing and strengthening homeowners' and tenants' associations in targeted IDP buildings and settlements.*



*Gori MOU Signing*



*Kareli MOU Signing*



*Tsageri MOU Signing*

- Site visit for Acting Assistant Secretary of State for Population, Refugees, and Migration (PRM) David M. Robinson and USAID/Georgia Mission Director, Stephen Haykin to attend a community meeting in the village of Shavshvebi, meet with local IDPs, gain an overview of the opportunities and challenges identified by the community, as well as sign the MOU with the Gori municipality.
- LOI signings between NEO and Rustavi and Kutaisi municipalities for the implementation of NEO IDP Housing activities;
- Site visit for U.S. Senator Richard Durbin, U.S. Ambassador John Bass and USAID/Georgia Mission Director Steven Haykin to the Khurvaleti IDP settlement to meet with residents and attend NEO's training on *Tenants' Association Capacity Building and Formation*. (See Box 6 above);
- Presentation of EDPs for the communities of the Tsalenjikha municipality;
- Graduation ceremonies for the beneficiaries of the NEO-funded vocational training courses at Khidistavi, Tsalenjikha, Jvari, Zugdidi and Ambrolauri VTCs.

### C. Media Coverage

NEO carefully selects the most appropriate media to reach the target Georgian population; hence much of communications is specific to each targeted group. During the communications planning process in early FY 2012, NEO organized and conducted a series of regional media orientations to raise awareness of the project through its areas of operation.

Generating news stories has been considered as a cost-effective means for NEO to communicate key messages about its work. The project seeks every opportunity to promote its activities via both print and broadcast media. Presently, NEO communications channels include:

- Newspapers: *The Messenger, Georgia Today, Sakartvelos Respublika*;
- Regional newspapers: *Egrisis Matsne, Goris Moambe, Karelis Moambe, Kartlis Kronika, Oni News, Rachvelebi*;
- Regional TV: *Odishi TV, Jikha TV (Tsalenjikha based), Trialeti TV (Gori, Kareli, Khashuri), Kvemo Kartli TV, Dusheti TV*; and
- TV and radio news: *Rustavi 2, Channel 1, Imedi TV, Maestro, Region TV, Radio Imedi, Radio Fortuna, Atinati, Radio Tavisupleba*.

### D. Publications and Informational Campaigns

During the reporting period, NEO developed one-pagers that communicate the essence of the work the project is providing through information on project objectives, components and anticipated outcomes for all of NEO's audiences. Project one-pagers are updated on an annual basis to reflect ongoing project activities and new work plan targets.

In FY 2012, in an effort to raise awareness of NEO's approach to establishing HOAs and TAs, NEO's communications and IDP housing team organized an informational campaign for IDP communities to raise awareness of the HOA concept, explain the roles and responsibilities of citizens and government officials, and highlight potential benefits to the community – namely, safer, well-maintained residences.

As an essential part of the campaign, NEO's Communications Team developed HOA and TA brochures for a public awareness campaign within the IDP Housing component.

NEO also aims to broadly publicize NEO agricultural interventions across Georgia. The project is cooperating with *Agraruli Sakartvelo* (Agrarian Georgia) magazine, publishing articles on various NEO agricultural topics, disseminating the magazine among farmers in NEO target municipalities, and responding to agricultural questions submitted by the journal's audience (see Appendix B).

#### **E. Branding and Marking**

In order to increase recognition and awareness of USAID activities in NEO target communities, NEO developed the following corporate identity materials, in compliance with the USAID branding and marking requirements: USAID/NEO banners; USAID/NEO component standing banners; USAID/NEO folders, pens and notepads; and USAID/NEO signs to mark USAID-funded projects, which will be installed for all infrastructure projects rehabilitated under Component 1 and at NEO grant locations.

#### **F. Contract Reports and Deliverables**

The NEO Communications Team supports and collaborates with the project staff in developing the regular project reports - weekly, monthly and quarterly; as these reports are the main vehicles for sharing project impact and challenges, measuring project progress against the Work Plan and PMP, and for promoting achievements and collaboration with the client and partners across the project.

#### **G. Photography and Videography**

Visual documentation of the project's work is a compelling tool to showcase NEO's impact. Pictures of project beneficiaries in newfound jobs; before-and-after photos of the rural economic grant projects; or videos of agricultural trainings, clearly illustrate the effect of NEO activities. In addition, project photos and videos are a valuable tool for capturing a chronology of events over the project's life cycle. The project places a premium on capturing images of project events and beneficiaries in action, to move beyond just documenting workshops, trainings, and other activities and seek instead to illustrate the impact of the work in NEO target communities. The project engages professional photographers able to capture high-quality images, when appropriate. The photos and videos made are arranged in a photo/video database, catalogued and archived and will be used for success stories, reports, and project videos.

### **Monitoring and Evaluation**

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During FY 2012, monitoring and evaluation (M&E) activities were primarily focused on setting up the M&E system, including: planning project evaluation strategies, data collection methods, conducting baseline data collection, and implementing monitoring activities. Below is a discussion of general M&E project activities. For an in depth review of NEO project targets and results to date, please see the accompanying FY 2012 NEO Monitoring and Evaluation Report.

## **A. Baseline Survey**

As part of NEO's project evaluation methodology, the project contracted a local public opinion polling company, *GORBI*, to conduct three rounds of household survey data collection and analysis on a number of NEO's key indicators. Between December 2011 and March 2012, GORBI implemented the baseline survey in two stages:

The *first stage* involved carrying out settlement infrastructure and price surveys. The settlement infrastructure survey applied group interview methods—a combination of face-to-face, in-depth and focus group interviews. In parallel, GORBI implemented an initial price survey, which registered minimum and maximum costs for a list of common consumer goods and services in the main consumer markets in the NEO target areas.

The *second stage* involved conducting a household survey in which 1,000 sampled households from NEO's target 10 municipalities (84 communities) were interviewed.

The baseline survey report prepared by GORBI compiles the results from the settlement infrastructure and household surveys. In addition, GORBI prepared the Technical Report, which provides a brief description of sampling procedures, training of field personnel, testing the survey questionnaire, the process of data collection and control, main challenges faced during the survey, and data processing and database cleaning. Both reports and data sets from the surveys were shared with USAID and Banyan Global—the team contracted by USAID to conduct NEO's external impact assessment team.

NEO's mid-term household survey is planned for spring 2013, and will expand the survey sample size to 1,250 households to ensure adequate coverage of NEO beneficiaries.

## **B. Systematization of M&E Data Collection**

During FY 2012, NEO elaborated the data collection system for all four component indicators in coordination with the component leaders. NEO regional offices and respective sub-contractors were given instructions on M&E data collection tools and were provided with relevant data collection sheets/formats. Project data, collected quarterly, has been integrated into a new systematized database format.

## **C. Geographic Information System**

NEO has created a GIS database to better display the results and breadth of NEO activities. Using project data, NEO's GIS Specialist has elaborated maps of NEO activities for the project website. In addition, NEO provided USAID with updated GIS information on NEO activities, including the list of accomplished/on-going activities indicating start/end dates, location of activities and settlements, and number/type of beneficiaries. NEO also facilitated USAID in obtaining updated GIS coordinates from *GeoStat* to standardize mapping of settlements in NEO target areas.

## **D. External Impact Assessment**

The NEO project was selected by USAID for an external impact assessment. In May and June 2012, NEO met with the USAID selected external impact evaluation team from Banyan Global and its sub-contractor, UNAG, to discuss Banyan's evaluation approach, select control and treatment communities, and determine the status of NEO activities by component in order to establish their sampling of project beneficiaries. NEO provided comments and feedback on these issues, as well as reviewed and commented on two draft versions of the Component 1 survey questionnaire. In addition,

NEO arranged a meeting between Banyan Global and GORBI, NEO's household survey subcontractor, to discuss questions related to NEO's baseline survey data and data collection (sampling, questionnaire, etc.). Banyan Global conducted the first round of impact evaluation survey and shared their initial survey results with NEO in September 2012.

### Accrual Report

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<b>Budget to Actual Summary – Q4 FY 2012</b>			
<b>Line Item</b>	<b>LOP Budget</b>	<b>Actual Costs to Date*</b>	<b>Balance</b>
Total Direct Costs			
Grants			
Indirect Costs			
Fixed Fee			
<b>Total</b>			

\* Reported figures reflect expenses through October 2012.

## Appendix A: NEO Highlights

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### NEO FACILITATED THE LAUNCH OF PARTNERSHIP BETWEEN USAID AND THE MUNICIPALITIES OF GORI, KARELI, KHASHURI, ZUGDIDI, TSALENJIKHA, ONI, TSAGERI, LENTEKHI, DUSHETI AND KAZBEGI



In February – August 2012, USAID signed the Memoranda of Understanding with the municipalities of Gori, Kareli, Khashuri, Zugdidi, Tsalenjikha, Oni, Tsageri, Lentekhi, Dusheti and Kazbegi to begin formal cooperation under USAID’s New Economic Opportunities (NEO) Initiative.

The MOU between the USAID and the Municipalities will formalize various aspects of the cooperation under the USAID New Economic Opportunities project, including development of the Community Economic Development Plans (EDP), implementation of selected infrastructure and rural developments projects, and support sustainable IDP housing by establishing and strengthening homeowners and tenants associations in targeted IDP buildings and settlements. NEO’s approach is to work hand-in-hand with communities to develop market-based economic planning tools.

The MOU between the USAID and the Municipalities will formalize various aspects of the cooperation under the USAID New Economic

During the Gori MOU signing event, Acting Assistant Secretary of State for Population, Refugees, and Migration David M. Robinson and USAID Mission Director Stephen M. Haykin had an opportunity to attend the community meeting on economic development initiatives in village Shavshvebi and spoke directly with community representatives and IDPs about economic development of the community. After the MOU signing with the Zugdidi and Tsalenjikha municipalities, USAID Mission Director joined the community working group meeting in village Didinedzi to get first-hand information on the problems facing the community and the ways to resolve them.

According to the USAID Mission Director, “NEO will help people in municipalities and communities like Shavshvebi and Didinedzi to access larger economic markets, attract investment, and identify and implement infrastructure projects with direct economic benefits.” During its operation, NEO project will benefit at least 70,000 rural and vulnerable households in targeted 10 municipalities and will result in sustainable poverty reduction, improved living standards for vulnerable populations, and facilitate increased government participation in addressing local community needs.

Through the NEO project and others, the U.S. Government supports sustainable and inclusive economic growth that benefits all Georgians.

## NEO's COLLABORATIVE EFFORT TO STRENGTHEN HIGHLY VULNERABLE HOUSEHOLDS AND INDIVIDUALS



The air in the big hall of the Khidistavi Vocational Training College “Orienti” near Gori was thick with a cacophony of whirring hairdryers, sewing machines, electric drills, big smiles and laughs all around. The September 10, 2012 graduation ceremony was a big event for the 92 graduates of the NEO-funded vocational training courses in hairdressing, apparel-making, tile-setting, plumbing, grafting, and electrical works. The students from NEO targeted municipalities of Shida Kartli and Mtskheta-Mtianeti

regions, were eager to show off their newly learned skills to Chemonics’ President and CEO, Richard Dreiman and Senior Vice President, Emet Mohr, who attended the ceremonies, awarded certificates, and delivered toolkits, equipment and supplies to the top students, to support them in their income generation activities.

According to Mr. Dreiman, “NEO is enabling highly vulnerable individuals to be self-sufficient, by engaging them in the social and economic development of their communities.” By taking advantage of the vocational training programs in highly demand trades, NEO beneficiaries are given the opportunity to find jobs or become self-employed as a result of their newly acquired skills. To this end, NEO is focused on elevating targeted vulnerable groups above the subsistence level through a combination of capacity-building activities and grants to increase their income generating opportunities and household production levels.

The ceremony was followed by a trade fair where students showcased their work, and teachers discussed the experience and opportunities they gained through the college program. As a part of the program, representatives of Chemonics International and NEO visited the Gori ex-kindergarten building and Khurvaleti IDP settlement to award hairdressing and sewing toolkit packages to three IDP women - Julie Ghorijashvili, Nato Midodashvili and Tsisana Shoshitashvili, the best students in their hairdressing and sewing classes, who have the motivation and personal capacity to start their own businesses.

NEO provides assistance to highly vulnerable households and individuals in 85 communities in 10 target municipalities across Georgia. In addition to the courses delivered by Khidistavi VTC for vulnerable groups from Mtskheta-Mtianeti and Shida Kartli regions; NEO also provided vocational training and toolkits for 127 vulnerable beneficiaries from Racha-Lechumi—Kvemo Svaneti and Samegrelo-Zemo Svaneti regions in trades of beekeeping, hairdressing, apparel-making, tile-setting, plumbing, and welding at Ambrolauri, Zugdidi, Tsalenjikha and Jvari VTCs.

Appendix B: Selection of NEO Press Clippings

NEO შილა ქართულში

მორის მუნიციპალიტეტის სოფელ შავშევებში აშშ-ის საერთაშორისო განვითარების სააგენტომ (USAID), ახალი ეკონომიკური შესაძლებლობების ინიციატივის (NEO) პროექტის ფარგლებში, ინფრასტრუქტურული პროექტების განხორციელება დაიწყო.

მემორანდუმი USAID-სა და გორის მუნიციპალიტეტს შორის 6 მარტს გაფორმდა.

სოფელ შავშევებში შეხვედრა გამართა შავშევების თემის მოსახლეობასთან. შეხვედრაზე აშშ-ის სახელმწიფო მდივნის თანაშემწის მოვალეობის შემსრულებელი მოსახლეობის, ლტოლვილთა და მიგრაციის საკითხებში დევიდ რობინსონი და USAID-ის მისიის ხელმძღვანელი სტეფან პეიკინი 2008 წლის აგვისტოს კონფლიქტის შედეგად იძულებით გადაადგილებულ პირებს და ადგილობრივი თემის წარმომადგენლებს შეხვედრენ და მათთან ეკონომიკური განვითარების შესაძლებლობები განიხილეს.

დევიდ რობინსონმა მოსახლეობას უთხრა, რომ ეამაყებათ, რასაც აკეთებენ ხალხის დასახმარებლად, მაგრამ აღიარებენ იმასაც, რომ ეს

შავშევებში მემორანდუმი გაფორმდა

საკმარისი არაა, რათა ადამიანები დამოუკიდებლად დადგინდნენ ფეხზე ეკონომიკური თვალსაზრისით. ამას სჭირდება განვითარებაზე მიმართული ორგანიზაცია. ასეთია სწორედ USAID. მემორანდუმის ხელმოწერის შედეგია, თემი და თემის წევრების რულოვას დაუბრუნდნენ.



ცია მოხდება, მთელ თემს ეშვება, ამბობს ადგილობრივი მოსახლეობა.

NEO-ს USAID-ის მეშვეობით აშშ-ის მთავრობა აფინანსებს. შავშევები იმის გამო შეირჩა, რომ ამ სოფელში დევნილთა კომპაქტური დასახლებაა, ომის დროს რუსმა ჯარისკაცებმა სოფლის ყანებში საგუშაგოები განათავსეს და გასვლის წინ ეს ყანები გადაწვეს.

აქ მშრალი კონტინენტალური ზონაა და 4-5-ჯერ მორწყვის გარეშე მოსავალი არ მოდის. ეს ადგილები უნინ ტერიფონის არხით ირწყვებოდა, რომელიც სათავე იღებს კონფლიქტის ზონაში. სარწყავი არხის გადაკეტვამ გამოიწვია უწყლობა, და თუ სარწყავი წყლის პრობლემა მოგვარდება, მოსახლეობა შეუძლებელია, გვიხთხრე შეცნობებთა კანდიდატმა, ამაჟამად უშეშვარმა ჯემალ დუდაშვილმა, - სარწყავი წყლის მოგვარებით ორჯერ გაიზარდება მოსავლიანობა. შიდა ქართლში მუხილეობის ტრადიციაა და თუ სარწყავი წყალი იქნება, მუხილეობას აღადგენენ და მოსახლეობა ეკონომიკურად გაძლიერდება.

შავშევების თემში 7 სოფელი და დევნილთა 2 დასახლებაა - შავშევთისა და ხურვალეთის კოტეჯები. თუ სარწყავი არხის რეაბილიტაცია

ტეტის საკრებულოს თავმჯდომარის ზვიად ხმაღაძის აზრით, პროგრამის ყველაზე მნიშვნელოვანი კომპონენტი ის არის, რომ ადგილობრივი მოსახლეობა იქნება მასში ჩართული, ანუ თემი თავად წარმოაჩინოს პრობლემას და თავადვე გადაწყვეტს, რა პრობლემა უნდა მოგვარდეს.

შავშევში საინიციატივო ჯგუფმა სამუშაო უკვე შეასრულა და

გამოიკვეთა, რომ სოფელს სასმელი და სარწყავი წყლის სისტემების აღდგენის გარდა, სჭირდება ადგილობრივი ინფრასტრუქტურის განვითარება, დახმარება სოფლის მეურნეობაში და სოციალური საკითხებში. ამერიკის შეერთებული შტატების სახელმწიფო მდივნის თანაშემწის მოვალეობის შემსრულებლის დევიდ რობინსონის თქმით, ახალი 4-წლიანი პროგრამის მიზანია სოფლის მოსახლეობის შემოსავლის ზრდა, სასურსათო უზენებლობა, მცირემასშტაბიანი ეკონომიკური ინფრასტრუქტურის რეაბილიტაცია და დევნილი ოჯახების დახმარება.

NEO-ს ოთხწლიანი პროექტის მთლიანი ღირებულება 20,5 მლნ აშშ დოლარია.

ეს პროექტი საქართველოს 10 მუნიციპალიტეტში, 84 თემში განხორციელდება და დაეხმარება დაახლოებით 70 ათას ოჯახს. NEO-ს და სხვა პროექტების მეშვეობით აშშ-ის მთავრობა მხარს უჭერს სტაბილურ და მრავალმხრივ ეკონომიკურ ზრდას, რომელიც სარგებელი მოაქვს საქართველოს მოქალაქეებისთვის.

თამარ ზინზვალაშვილი

საქართველოს ენა

GEORGIA'S ENGLISH LANGUAGE

# The Messenger

Tbilisi, Georgia  
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„მესსენჯერი“

## USAID Contributes to the Revival of the Rural Region

Signing ceremony of Memoranda of Understanding. © USAID / Vova Valishvili

By Etuna Tsoiniashvili  
Racha - Lechkhumi and Kvemo Svaneti.

On Friday, representatives of USAID and Oni, Tsageri and Lentekhi Municipalities signed Memoranda of Understanding on cooperation under the USAID's New Economic Opportunities (NEO) Initiative. The MOU signed at the event outlines the development of community economic development plans and implementation of selected infrastructure and rural development projects in these three municipalities. USAID Mission Director Stephen M. Haykin and Governor of Racha-Lechkhumi and Kvemo Svaneti David Gagoshidze also

Continued on Page 4

## NEWS

MAY 21, 2012

## USAID Contributes to the Revival of the Rural Region



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CONTINUED FROM Page 1

joined the Utsera community meeting to speak with members of the community about economic development in their villages.

Already active in eleven communities of the Racha-Lechkhumi and Kvemo Svaneti region, NEO plans to support 13 infrastructure projects identified by the target communities and invest around ██████ in projects that are expected to benefit approximately 1,300 households in this region. In addition, NEO plans to invest in rural economic development through technical assistance, grants, and training.

At a ceremony held in Ambrolauri, the governor of Racha–Lechkhumi, David Gagoshidze highlighted the key problems of the region with unemployment being one of the most acute of them. Gagoshidze outlined the importance of developing small fruit processing and beekeeping enterprises as well as supporting local tourism sector in the region. The Governor also expressed his gratitude to the U.S. government and the American people, as the projects being implemented by NEO in municipalities and communities throughout Georgia have been made possible through their assistance.

In response, USAID Mission Director Stephen Haykin said USAID has been a long-term partner for Georgians: “In fact, this year is 20<sup>th</sup> anniversary of USAID’s partnership with Georgia. We have accomplished much over the last 20 years, working together with the Georgian people, but there is still work to be done. In this

regard, the NEO project is one of the exciting ways to enhance well-being and create more economically stable and prosperous communities. The main benefit we expect will accrue from these projects is an improved economic infrastructure, and most importantly job creation.”

During the Utsera community meeting, Shorena Metreveli, owner of one of the guesthouses in the village of Utsera mentioned her guesthouse accommodates both local and international tourists that come here every year. “With the number of tourists increasing every year, I realize I need to upgrade my guesthouse with some necessary equipment and furniture. Tourism industry dictates its rules and I have to move forward to meet the requirements of both local and international tourists,” she said.

The newly appointed head of the Oni Municipality Valcrian Gavasheli also expressed his readiness to support NEO initiatives in order to help people in communities like Utsera access economic markets, attract investment, and identify and implement economically useful infrastructure projects.

Kirk Ramer, NEO Chief of Party told The Messenger, “We help them [communities] realize their plans after they identify their priorities. Apart from other areas, whilst meeting Utsera residents we have understood that the tourism sector could be revived here and that the people have many opportunities to generate income locally.” He added that people are very interested in the project and have been very

active while working with the NEO.

During its operation, NEO will benefit at least 70,000 rural and vulnerable households in 10 municipalities: Dusheti, Stepantsminda, Kareli, Gori, Khashuri, Oni, Tsageri, Lentekhi, Zugdidi, Tsalenjikha. The project will result in sustainable poverty reduction, improved living standards for vulnerable populations, and increased local government participation in addressing community needs.

Prior to the MOU signing with the three municipalities, Stephen Haykin and David Gagoshidze joined local farmers to mark the opening of the Ambrolauri Machinery Service Center.

Avtandil Mikiashvili, owner of the center has received a USAID grant and invested an equal amount of his own funds to build and equip the new facility, which is now equipped with six tractors and 11 other agricultural machines. Mikiashvili will now provide fee-based machinery services such as planting, plowing, and cultivation for small farmers in the area. The USAID’s project in Ambrolauri has resulted in the creation of 10 new jobs; it will also benefit 400 farmers and provide services for 300 hectares of land.

The U.S. Government is supporting the service center under its Access to Mechanization Project (AMP), a \$5.1 million project administered by USAID. Overall, similar service centers across Georgia are expected to create up to 225 new jobs, provide services to 14,000 small farmers and increase agricultural revenues by \$10 million.

## USAID founding homeowner associations in IDP settlements



Kirk Ramer, USAID/NEO Chief of Party, signed a letter of intent with Mayor of Rustavi Zakaria Darchiashvili

By Messenger Staff

On Tuesday, USAID and Rustavi City Hall signed a letter of intent to begin formal cooperation under USAID's New Economic Opportunities (NEO) Initiative.

The agreement formalized various aspects of cooperation between Rustavi and USAID, including the formation and capacity-building of homeowner associations (HOA) for settlements of internally-displaced persons (IDPs).

The signing ceremony was attended by Kirk Ramer, USAID/NEO Chief of Party, Zakaria Darchiashvili, Mayor of Rustavi and

CONTINUED ON Page 8

## USAID founding homeowner associations in IDP settlements

CONTINUED FROM Page 5

Valeri Kopaleishvili, Head of the Administration Department at the Ministry for Refugees and Accommodation.

Speaking at the ceremony, Ramer stated that in 2012, the NEO will work on six apartment buildings and two cottage settlements to establish homeowner associations.

"The NEO will assist in the formation of homeowner associations in IDP apartment buildings and settlements and work to provide the associations with the capacity to properly manage and maintain the infrastructure rehabilitated by the US government," he said.

USAID plans to provide additional IDP housing through the rehabilitation of vacant apartment buildings, as well as upgrades to existing IDP settlements of individual cottages. The NEO is charged with assisting in the formation of HOAs in those buildings and tenant associations in the cottage

settlements to manage and maintain infrastructure.

Before rehabilitation is complete in 2013, the NEO will implement pilot projects this year, in which associations are founded and capacity-building and maintenance training is provided.

In Rustavi, the NEO has already selected two pilot buildings. It plans to train inhabitants of these buildings on how to form and manage associations, identify priorities, and develop annual work plans. The associations will also participate in small income generation grant projects, as well as will form teams that will be equipped with tools needed for maintenance and repairs.

Over the life of the project, the NEO anticipates to have a long-term sustainable management system in place for the 100 rehabilitated buildings and 38 new settlements, which are intended to operate for at least one year without subsidies following the end of project assistance.

Appendix C: Examples NEO Branding and Publications



**USAID NEO** New Economic Opportunities Initiative  
 ახალი ეკონომიკური შესაძლებლობების ინიციატივა  
 FROM THE AMERICAN PEOPLE

BUILDING ECONOMIC OPPORTUNITIES AND SUSTAINABILITY OF GEORGIA'S COMMUNITIES

For more information please contact:

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**Program Objective**

The USAID-funded Georgia New Economic Opportunities (NEO) Initiative is a four-year program designed to improve rural incomes; reduce poverty levels; improve food security; address critical, small-scale economic infrastructure constraints in targeted communities; enable targeted internally displaced persons (IDP) communities to sustainably maintain their households; and assist communities affected by natural or other disasters.

**Program Components**

The project consists of four components: 1. Local Economic Development Planning, 2. Rural Economic Development, 3. Assistance to Strengthen Vulnerable Households, and 4. Promotion of Sustainability of IDP Housing being rehabilitated with support from the United States' government.

**Program Approach**

NEO's approach is to work hand-in-hand with communities to develop market-based economic planning tools. These tools engage a broad stakeholder base and guide NEO's support of community priorities in infrastructure development, rural economic growth, food security, and livelihoods

**ბინათმესაკუთრეთა ამხანაგობის უპირატესობები:**

- ✓ საერთო ქონების მოვლა-პატრონობასთან დაკავშირებული საკითხების ერთობლივი და ეფექტური გადაწყვეტა.
- ✓ მუნიციპალიტეტებთან არსებული ამხანაგობების მხარდაჭერა პროგრამებში მონაწილეობის შესაძლებლობა, საერთო პრობლემების გადაჭრა თანადიდიანების გზით.
- ✓ გამართვებელი ურთიერთობა სახელმწიფო და კერძო სტრუქტურებთან.
- ✓ შესრულებული სარემონტო სამუშაოების ხარისხისა და ეაწეული ხარჯების ერთობლივი და ეფექტური კონტროლი.
- ✓ მრავალბინიანი საცხოვრებელი სახლის საბაზრო ღირებულების შენარჩუნება და ზრდა რეგულარული მოვლა-პატრონობის ღონისძიებების ჩატარების საშუალებით.
- ✓ თანაცხოვრების წესების შემოღება და დაცვა.



ამერიკის შეერთებული შტატების საერთაშორისო განვითარების სახელმწიფო დეპარტამენტის ახალი ეკონომიკური შესაძლებლობის ინიციატივა

ამ პუბლიკაციის გამოცემა შესაძლებელი გახდა ამერიკელი ხალხის მიერ ამერიკის შეერთებული შტატების საერთაშორისო განვითარების სახელმწიფო დეპარტამენტის ახალი ეკონომიკური შესაძლებლობის ინიციატივაში გაწეული მხარდაჭერის გამო. USAID-ის დახმარებით გამოცემულია მრავალბინიანი საცხოვრებელი შენობების მფლობელებისთვის საინფორმაციო სახელმწიფო და კერძო სტრუქტურების მფლობელებისთვის შედეგები.



USAID-ის ხელშეწყობით გამოცემულია მრავალბინიანი საცხოვრებელი შენობების მფლობელებისთვის საინფორმაციო სახელმწიფო და კერძო სტრუქტურების მფლობელებისთვის შედეგები.

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**ბინათმესაკუთრეთა ამხანაგობა**

ბინათმესაკუთრეთა ამხანაგობა არის მრავალბინიანი სახლში მდებარე საცხოვრებელი და არასაცხოვრებელი ფართების შესაკუთრეთა გაერთიანება, რომლის ამოცანებია საერთო ქონების მოვლა-პატრონობა, ექსპლუატაცია და განვითარება.

**ბინათმესაკუთრეთა ამხანაგობა**

საცხოვრებელი სახლის საერთო სარგებლობის ნაწილის მოვლის ერთ-ერთი ეფექტური საშუალებაა ბინათმესაკუთრეთა ამხანაგობის შექმნა. საქართველოს კანონმდებლობის შესაბამისად, მრავალბინიანი საცხოვრებელი სახლში ბინათმესაკუთრეთა ამხანაგობის ჩამოყალიბების შემთხვევაში, თქვენ, როგორც შესაკუთრებელი, ავტომატურად ხდებით ამხანაგობის წევრი.

საერთო ქონება სარგებლობისა და მოვლა-პატრონობისთვის ეკუთვნის ყველა ბინის მესაკუთრეს და აქედან გამომდინარე თქვენც, როგორც ერთ-ერთი ბინის მესაკუთრე. მიუხედავად იმისა, ცხოვრობთ თუ არა თქვენ თქვენს ბინაში, ვაჟირავებელი გაქვთ იგი თუ დაიკრეფით, თქვენ, როგორც ბინის მესაკუთრე, მონაწილეობას იღებთ საერთო ქონების მოვლისა და განვითარების იმ ხარჯების გაწევაში, რომლებიც ადგენს ბინათმესაკუთრეთა ამხანაგობის საერთო კრებას წესდება.

ბინათმესაკუთრეთა ამხანაგობა არის მრავალბინიანი სახლში მდებარე საცხოვრებელი და არასაცხოვრებელი მათ შორის კომერციული ფართების მესაკუთრეთა გაერთიანება. ბინათმესაკუთრეთა ამხანაგობის ამოცანებია: საერთო ქონების მოვლა-პატრონობა, ექსპლუატაცია და განვითარება.

ბინათმესაკუთრეთა ამხანაგობის ჩამოყალიბებისა და ფუნქციონირების წესებს განსაზღვრავს საქართველოს კანონი ბინათმესაკუთრეთა ამხანაგობის შესახებ, რომელიც შევიდა ძალაში 2007 წელს. ბინათმესაკუთრეთა ამხანაგობა არ არის იურიდიული პირი, თუმცა მას შეიძლება ჰქონდეს წესდება, ანგარიში ბანკში და სხვა სახით რეგულირება.

**ბინათმესაკუთრეთა ამხანაგობას შეუძლია აწარმოოს არასამეურნეო ეკონომიკური საქმიანობა, რომლიდან მიღებული შემოსავალიც გამოიყენება მხოლოდ საერთო ქონების მოვლა-პატრონობისა და განვითარებისათვის და არ ნაწილდება წევრთა შორის.**

ბინათმესაკუთრეთა ამხანაგობა საჭიროების მიხედვით ატარებს რეგულარულ საერთო კრებებს, წელსწინადაც ერთობლივ მინიცი.

**ბინათმესაკუთრეთა ამხანაგობის სამართო კრება**

კრებაზე განსაზღვრული ვადით აირჩევა ამხანაგობის თავმჯდომარე, რომელიც უძღვევს კრებას და მოქმედებს ამხანაგობის სახელით, მესამე პირებთან ურთიერთობაში.

დამსწრეთა ხუროცილის შემთხვევაში, საერთო კრებაზე მტკიცდება წესდება და განისაზღვრება საერთო ქონების მოვლა-პატრონობის, ექსპლუატაციისა და განვითარების (გაქირავება, ვასებიცხობა და სხვა) საერთო ღონისძიებები, ასევე დგინდება ამ ღონისძიებებისათვის საერთო ხარჯები და ამხანაგობის წევრთა წვლილი აღნიშნულ ხარჯებში. თითოეულ მესაკუთრეს გააჩნია იმდენი ბინის უფლება,

**მოქალაქე შეიძლება გახდეს ბინის მესაკუთრე მრავალბინიანი საცხოვრებელი სახლში, მისი პრაქტიკისთვის, ყიდვის, შემკვიდრებით გადაცემით ან სარეკლამო მიზნების გზით.**

რამდენი ბინის კომერციული ფართის მესაკუთრეც არის.

ბინის მესაკუთრე შეხვედრისამებრ განკარგავს საკუთარ ბინას. ამავე დროს, ბინის მესაკუთრე ხდება საერთო სარგებლობაში არსებული ქონების თანაფილიალური და ვალდებულია მონაწილეობა მიიღოს საერთო ქონების მოვლა-პატრონობაში. საბოლოო სისტემის დამსწრე, საცხოვრებელი ბინები გადავიდა კერძო საკუთრებაში ე.წ. ნულევიანი პრივილეგიის გზით. პრივილეგიის მიმდინარეობის დროს არ იყო ვალდებული ნეტელი საერთო სარგებლობაში არსებული ისეთი ქონების მფლობელობისა და, შესაბამისად, მისი მოვლა-პატრონობის საკითხები, როგორცაა სახურავი, დერეფნები, ეზოები და სხვა.

**სამართო სარგებლობის ქონების მფლობელობა:**

სამართო ქონების მომსახურების ნაგებობები, სახურავი, საწინამართო მიწები, მფლობელები და ფასდასის კამერები, სალარაგობები, მფლობელები, მიწის უფლებები, დერეფნები, ლიფტები, ნაგებობების რეკონსტრუქციები, ბუნებრივი, მშენებლო სარგებლობა, სამართო სარგებლობის ანიმები და სხვა, ასევე ბინის მფლობელთა არსებული სამართო უფლებების სხვადასხვა განმარტებით და სხვა ნაგებობები, მფლობელები, რომლებიც მფლობელებს კომუნიკაციის, რომლებიც მფლობელობა ბინათმესაკუთრეთა ამხანაგობა, ნარჩუნდასანს აღნიშნული ამხანაგობის საკუთრებას. მრავალბინიანი სახლში მფლობელები სახლში ყველა ბინის მფლობელს სამართო უფლებები უზღვევს სამართო ქონებას.

ბინათმესაკუთრეთა ამხანაგობა