



USAID
FROM THE AMERICAN PEOPLE

REAP | Restoring Efficiency to Agriculture Production
საპარტეზო სსსტფლო-სამეურნეო
წარმოების ეფექტიანობის აღდგენის პროექტი

A MARKET ORIENTED APPROACH TO MEETING LOCAL DEMAND FOR AGRICULTURAL PRODUCTS IN GEORGIA

USAID/GEORGIA RESTORING EFFICIENCY TO AGRICULTURE PRODUCTION



FINAL

Produced for review by the United States Agency for International Development under USAID Contract No. AID-114-C-13-00002, Restoring Efficiency to Agricultural Production (REAP) Activity in Georgia implemented by CNFA.



USAID
FROM THE AMERICAN PEOPLE

REAP | Restoring Efficiency to Agriculture Production
საპარტეზელის სასოფლო-სამეურნეო
წარმოების ეფექტიანობის აღდგენის პროექტი

A MARKET ORIENTED APPROACH TO MEETING LOCAL DEMAND FOR AGRICULTURAL PRODUCTS IN GEORGIA

USAID/GEORGIA RESTORING EFFICIENCY TO
AGRICULTURE PRODUCTION

PETER BOONE AND RATI SHAVGULIDZE

USAID Contract
AID-114-C-13-00002
Implemented by CNFA
Subcontract: REAP-CARANA-001

Submitted to:
USAID/Caucasus
Ms. Shamenna Gall, COR

Submitted on March 31, 2016

DISCLAIMER

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

GEL	Georgian Lari
GOG	Government of Georgia
HS CC	Harmonized System Commodity Code
Kg	Kilogram
LOE	Level of Effort
M&E	Monitoring and Evaluation
REAP	Restoring Efficiency to Agricultural Production
RTA	Relative Trade Advantage
SME	Small and Medium-Sized Enterprises
STTA	Short-Term Technical Assistance
TA	Technical Assistance
USAID	United States Agency for International Development



CONTENTS

ABBREVIATIONS	2
CONTENTS	3
EXECUTIVE SUMMARY	4
I. STUDY BACKGROUND AND OBJECTIVES	6
A. BACKGROUND	6
B. STUDY RATIONALE	6
C. STUDY OBJECTIVES	6
D. OUR METHODOLOGY AND APPROACH	6
II. GEORGIAN BUYERS' AND PRODUCERS' PERSPECTIVES ON CLOSING THE TRADE GAP	9
A. OVERALL FINDINGS ABOUT BUYERS' PERSPECTIVES	9
B. PERCEPTIONS FROM LOCAL BUYERS ABOUT GEORGIAN PRODUCTS	11
C. BUYERS' PRODUCT SPECIFIC PREFERENCES AND REQUIREMENTS	13
D. PERCEPTIONS FROM SUPPLIERS AND PROCESSORS	15
III. GEORGIA'S STRUCTURE OF AGRICULTURAL TRADE	18
A. IMPORT TRENDS	18
B. EXPORT TRENDS	19
C. NET AGRICULTURAL TRADE BALANCE	21
IV. ANALYSIS AND RANKING OF BEST OPPORTUNITIES TO FULFILL IMPORT DEMAND	22
A. RANKING SYSTEM AND PRODUCT SCORING CRITERIA	22
B. OVERALL PRODUCT SCORING RESULTS SUMMARY	26
C. IDENTIFICATION OF HIGH GROWTH, HIGH VALUE PRODUCTS	27
D. KEY PRODUCT RESULTS COMPARISONS	29
E. RESULTS BY PRODUCT	31
V. SUMMARY ACTION PLANS	36
ANNEXES	42



EXECUTIVE SUMMARY

Currently Georgia is faced with a substantial agricultural trade imbalance. From 2010-2015 the agricultural trade deficit has averaged \$597 million per year. The substantial agricultural trade deficit represents not only a drain on foreign exchange earnings, but also a major missed opportunity for generating higher employment, income generation, and economic multiplier effects in Georgian rural areas. The REAP project, now in year 3 of implementation, is ideally positioned to help tackle this problem. REAP can tap its network of REAP grantees to help overcome this problem within a two year time frame. REAP can utilize tailored technical assistance to spearhead a market-oriented approach to stimulate and upgrade the domestic supply to meet the needs of buyers of food products.

The consultancy team surveyed both the Georgian demand-side requirements as well as the Georgian supply-side capabilities to quickly meet local demand requirements. From the demand side, retail and wholesale buyers generally purchased Georgian fruits and vegetable products during the active harvest season when local supplies are at their peak, and when prices are lowest. Georgian wholesalers and retailers follow this pattern of buying locally soon after the harvest season for few months, and then when local supplies taper off they immediately turn to nearby countries such as Turkey, Armenia, and the Ukraine to supply them for several months. They then turn back to local supplies again after the next growing season harvest.

The fact that the seasonal buying of local products for limited periods is so pervasive for nearly all of the fruits and vegetables grown in Georgia reveals the reality that few Georgian agribusiness companies are storing fruits and vegetables in cold storage facilities for extended periods, nor is there a very large volume of fruits and vegetables being produced in greenhouses. If greater volumes were being produced in greenhouses, and stored for longer periods, local agribusinesses would be capturing a greater share of the local market for longer periods of time.

While there is a general pre-disposition of Georgian consumers to buy local products, there are a number of areas in which Georgian buyers believe local suppliers are falling short. Georgian suppliers, particularly for fresh fruits and vegetables, were not able to meet the *price and volume requirements* of retail and wholesale buyers—except during the narrow post-harvest period of 2-3 months. After that time, local supplies are not sufficient, and prices generally become uncompetitive with imported products.

In addition to the price and volume disadvantages that Georgian products face, there are a number of qualitative comments we heard that suggest Georgians have more work to do in terms of making their products more attractive to consumers and more competitive with imported products. Wholesale and retail buyers consistently told us that imported produce from Turkey and Armenia was consistently superior to Georgian produce in terms of *packaging and labeling, and grading, and cleaning*.

Wholesale and retail buyers stated that the vast majority of local fruits and vegetables sold to them come ungraded, with different colors, different sizes, and different levels of quality and freshness, all in the same batches. In addition several local products, such as potatoes and onions, usually are sold to retail and wholesalers unwashed with visible dirt from the field on the product. The majority of Georgian retail buyers interviewed told us Georgian suppliers and wholesalers rarely supplied them with



products in plastic (for products such as grapes or apples) or net bags for products such as onions. Most of the products were stacked unpackaged on retail store shelves unrefrigerated, or in plastic boxes.

The majority of the supermarkets and wholesale markets we visited did not label the majority of its fresh fruits and vegetables by country of origin, by region of origin, nor by variety of the product or other identifying features. Most of the product sold did not identify the variety, even though buyers knew that some of the varieties available had superior yield, taste, or appearance or other attributes. The consensus among the buyers we talked to thought this was a detriment to local producers since they believed that identifying products as products of Georgia would be a definite advantage.

Based on a combination of desk research, in-person interviews, agricultural trade performance analysis, and scoring, the study team has crafted a practical *Action Plan* for Georgian agribusiness companies to upgrade their products and increase sales in the domestic market. The *Action Plan* provides specific recommendations on target products, and target buyers and suppliers for REAP to work with. Our *Action Plan* also presents *three Cross-Cutting Initiatives* that will tackle some of the broader root causes of weak performance within the product value chains.

Our *Action Plan* also outlines key REAP TA and training inputs needed for production partners to scale-up their production for import substitution, improve marketing, and enhance buyer-seller relationships. REAP can spearhead this Import Replacement Action Plan over the next two years in collaboration with REAP grantees, collaborating partners, financial institutions and the GOG. Tailored technical assistance can play a key role achieving the goals of the action plan and improving local product quality and storability, and securing a stronger brand image and higher market share for Georgian food products in local wholesale and retail market channels.



I. STUDY BACKGROUND AND OBJECTIVES

A. BACKGROUND

USAID's Restoring Efficiency to Agriculture Production (REAP) is a market-driven and result-oriented enterprise development project that increases Georgian incomes and employment in rural areas. The project delivers firm-level investment and customized technical assistance to agribusiness enterprises which provide inputs, services, training, and market linkages to smallholder farmers. REAP catalyzes private sector investment and commercial finance to the agricultural sector, mitigates risks for rural small and medium sized companies (SMEs) and entrepreneurs, and expands commercially-sustainable linkages among producers, post-harvest enterprises, and end markets. To ensure the long-term sustainability and success of these investments, REAP delivers market-driven, and custom-tailored technical assistance and group trainings to agribusiness enterprises and smallholder producers.

B. STUDY RATIONALE

It is essential that Georgia tackle the substantial agricultural trade imbalance it is now facing. The rising imports of agricultural products are a mounting economic problem. From 2010-2015 the agricultural trade deficit has averaged \$597 million per year. The agricultural trade deficit represents not only a drain on foreign exchange earnings, but also missed opportunities for higher employment and income generation and economic multiplier effects in Georgian rural areas. The REAP project can be a catalyst for tackling this problem, utilizing a market-oriented approach to stimulating and upgrading domestic supply to meet the needs of buyers of food products.

C. STUDY OBJECTIVES

In this study, the overall objective is to identify the agricultural products areas which offer the greatest prospects for meeting domestic market demand requirements, thereby reducing food imports. The consultancy identifies agricultural products with strong import demand, as the supply capacity to meet demand with local production. The team also assesses the magnitude of the gaps in the both the production and marketing of these products. Finally, we prepare action plans laying out key steps for Georgian agribusiness companies to upgrade their products, and improve their sales in the domestic market, with assistance from the REAP project.

D. OUR METHODOLOGY AND APPROACH

The consultancy team surveyed both the **Georgian demand-side requirements** as well as the **Georgian supply-side capabilities** to quickly meet local demand requirements. We analyzed the following *Georgian demand-side requirements and parameters*:

- Size of market
- Quality and grading requirements



- Product specifications
- Preferred varieties
- Pricing
- Payment Terms.

The consulting team also examined the following **Georgian supply-side capabilities and parameters:**

- Product quality
- Production levels
- Product yields
- Post-harvest handling practices'
- Grading and packaging
- Logistics and supply chain management
- Revealed trade advantages
- Quickness of supply responses
- Ability to leverage REAP investment partnerships.

Our overall technical methodology for this study is summarized below.

First, we undertook a rigorous literature review and data analysis of the recent agricultural production and trade trends in Georgia over the past eight years.

Second, we interviewed wholesale and retail buyers, as well as producers, and processors of the principal Georgian agricultural products geared towards the domestic products. These interviews provided valuable insights, as well as qualitative and quantitative information about *demand-side requirements*. In addition, we gleaned opinions about the *Georgian supply capabilities* to respond to market needs. These interviews provided the study team with a balanced perspective of what the “*demand side*” is seeking in terms of product *quality, delivery, and price points*, as well as what the *supply side* production and marketing capabilities are. (Our interview guide questionnaire can be found in Annex III)

Next, the study team undertook a *formal scoring* of 23 products according to *key demand and supply scoring criteria* to narrow the list to 10 or so agricultural products for which there is strong demand in the local market, and for which Georgian agribusiness also have best ability to produce the products locally.

On the supply analysis, the team placed a special focus on products produced by *REAP grantees and TA partners (production partners, cold storage facilities owners and managers, food processing companies, and Farm Service Centers)*. The reason for this REAP partner focus the understanding that the REAP project will be more able to ramp up a quick supply response to the market opportunities, if it harnesses its network of 70 grantees working on the supply side of the market.

The combination of qualitative and quantitative market research also enabled our team to dig further into some of the *systemic root causes* of the gaps in production levels and product quality within the value chains for these products. We analyze the deeper systemic causes of production quality and quantity gaps, and we prepare a set of action steps to overcome them.

Based on a synthesis of our desk research, in-person interviews, agricultural trade performance analysis, and scoring, the study team crafted a practical *Action Plan* for Georgian agribusiness companies to upgrade their products and increase sales in the domestic market. The *Action Plan* provides specific recommendations on target products, and target buyers and suppliers for REAP to work with. Our



USAID
FROM THE AMERICAN PEOPLE

REAP Restoring Efficiency to Agriculture Production
საქართველოს სასოფლო-სამეურნეო
წარმოების ეფექტიანობის აღდგენის პროექტი

Action Plan also presents *three Cross-Cutting Initiatives* that will tackle some of the broader root causes of weak performance within the product value chains. Our *Action Plan* also outlines key REAP TA and training inputs needed for production partners to scale-up their production for import substitution, improve marketing, and enhance buyer-seller relationships.

II. GEORGIAN BUYERS' AND PRODUCERS' PERSPECTIVES ON CLOSING THE TRADE GAP

A. OVERALL FINDINGS ABOUT BUYERS' PERSPECTIVES

During the course of our work, the consultancy team spoke with retail and wholesale buyers about their requirements and preferences for purchasing food products. In general terms, wholesale and retail buyers generally purchased Georgian fruits and vegetable products during the active harvest season when local supplies are at their peak, and when prices are lowest.

This seasonal phenomenon is well represented in the figures below for onions and for apples. Wholesalers and retailers of onions and apples source their products predominantly from foreign suppliers for most of the years except for the few months (July-September for onions, and July to November for apples). Georgian wholesalers and retailers follow this pattern of buying locally soon after the harvest season for few months, and then, when local supplies taper off, they immediately turn to nearby countries such as Turkey, Armenia, and the Ukraine to supply them for several months. This situation remains until local supplies come back into the market again the following growing season.

Figure I Average Monthly Imports and Retail Prices for Onions (2008-2015)

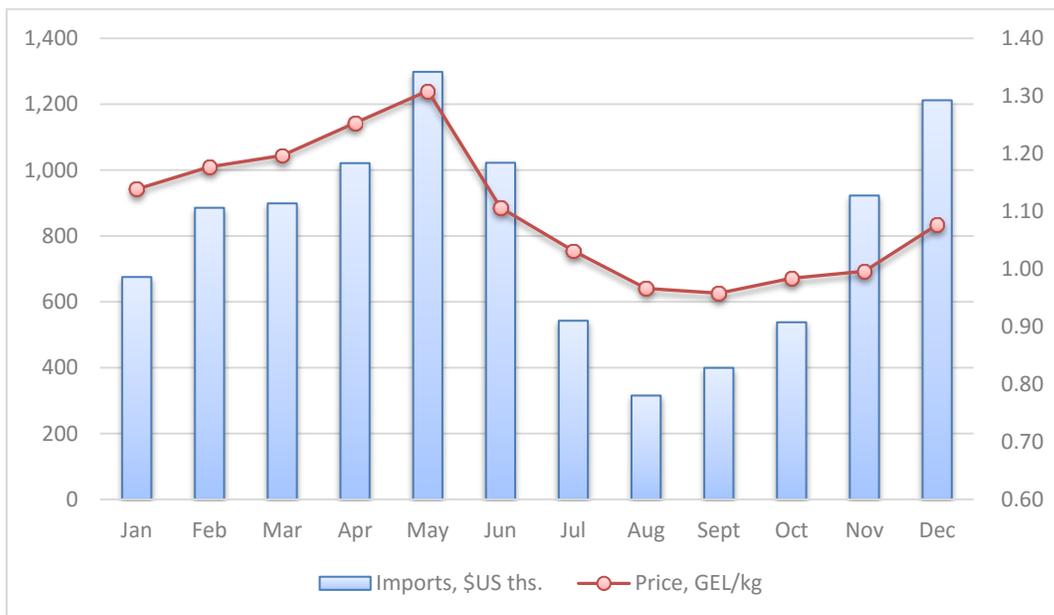
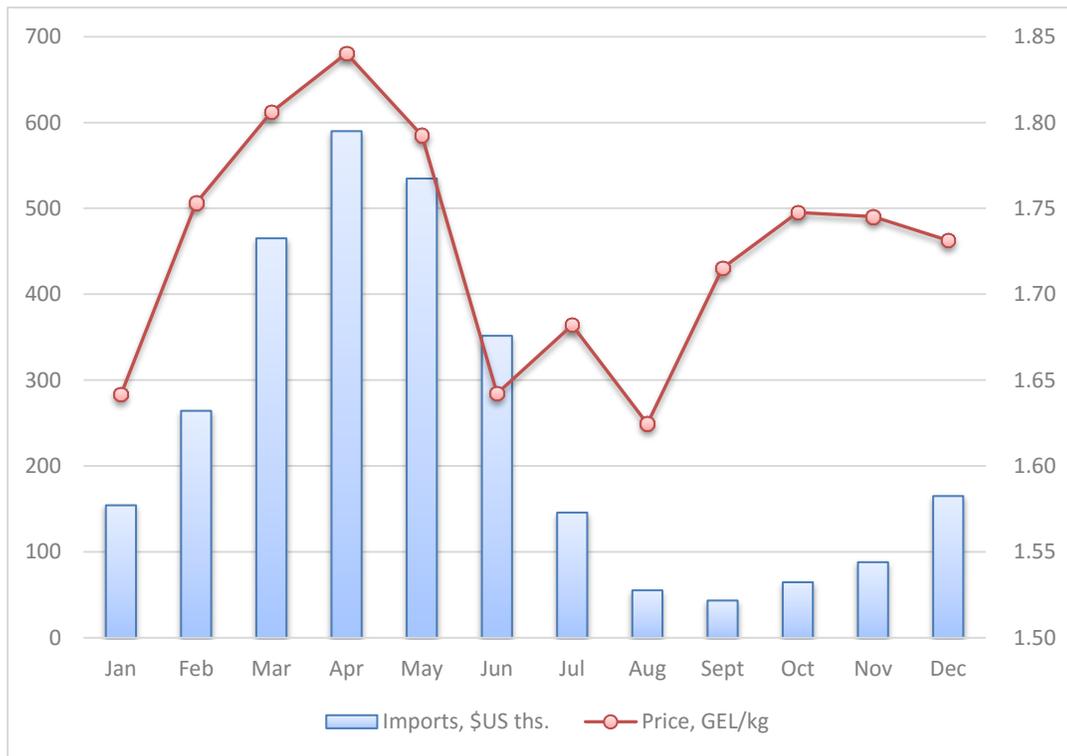


Figure 2 Average Monthly Imports and Retail Prices for Apples (2008-2015)



Of the major imported food products examined in this study the only products that did not follow this strongly seasonal pattern of local purchased during a short harvest season were meat products such as poultry and grains crops which are less perishable than fruits and vegetables. For example, local poultry production is not seasonal and is fairly steady throughout the year, therefore there is no season during the year when local poultry production goes off the market. For grain crops such as wheat and field corn, local supplies often can be stored for 3-5 months, increasing the chances that local supplies can be drawn down over a longer period of time and do not move out of the local market entirely for several months.

The fact that the seasonal buying of local products for limited periods is so pervasive for nearly all of the fruits and vegetables grown in Georgia also reveals the reality that few Georgian agribusiness companies are storing fruits and vegetables in cold storage facilities¹ for extended periods, nor there is a very large volume of fruits and vegetables being produced in greenhouses. If greater volumes were being produced in greenhouses, and stored for longer periods, local agribusinesses would be capturing a greater share of the local market for longer periods of time.

¹ With 7 new cold storage facilities coming online in 2015/2016 under REAP grant co-investments the amount of local produce being stored in cold storage facilities will be increasing and provides a good opportunity to offset this trend.



B. PERCEPTIONS FROM LOCAL BUYERS ABOUT GEORGIAN PRODUCTS

Major advantages of local products. Wholesale and retail buyers interviewed by the REAP team generally told us that they share a general pre-disposition to buy from local Georgian suppliers—if the products are competitive with imports in terms of *price, quality, volumes, and delivery*. There was a general consensus that Georgian consumers generally prefer to buy food products from Georgia compared with imports if the prices and quality are similar. In general, Georgian buyers and consumers we talked to had the perception that Georgian food was probably fresher and healthier (fewer chemicals and pesticides for example) compared with imported competitor products.



Wholesale Market in Tbilisi

Major disadvantages of local products. Despite the general pre-disposition of Georgian consumers to buy local products, there are a number of areas in which buyers believe Georgian suppliers are falling short. For example, the main responses we heard from wholesale and retail buyers were that Georgian suppliers, particularly for fresh fruits and vegetables, were not able to meet the *price and volume requirements* of retail and wholesale buyers—except during the narrow post-harvest period of 2-3 months. After that time, local supplies are not sufficient, and prices generally become uncompetitive with imported products. Retailers we spoke to were willing to pay up to double the local harvest season price for fruits and vegetables but generally not higher in the out of local season period of buying.

In addition to the price and volume disadvantages that Georgian products face, there are a number of qualitative comments we heard that suggest Georgian have more work to do in terms of making their products more attractive to consumers and more competitive with imported products. For example, wholesale and retail buyers consistently told us that imported produce from Turkey and Armenia was consistently superior to Georgian produce in terms of packaging and labeling, and grading, and cleaning.

Grading, cleaning and quality. Wholesale and retail buyers alike told us the vast majority of local fruits and vegetables sold to them come ungraded, with different colors, different sizes, and different levels of quality and freshness, all in the same batches. In addition several local products, such as potatoes and onions, usually are sold to retail and wholesalers unwashed with visible dirt from the field on the product. By comparison the imported products coming in from Turkey and Armenia are usually washed, sorted, and graded with uniform color, size, and quality. As a result of the lack of grading and washing from Georgian products, the supermarkets have to invest in their own grading and sorting of these products manually. This is costly for them to do so, and not as efficient compared to a situation where a processor or wholesaler did the sorting and grading by machinery. Most of the supermarkets we talked to stated that they had to discount their purchase prices to local suppliers when they do not wash, grade, and sort their products as stores had to either take on these operations themselves, or leave them ungraded in their stores a lower retail price level.

Packaging and labeling. The majority of Georgian retail buyers interviewed told us Georgian suppliers and wholesalers rarely supplied them with products in plastic (for products such as grapes or apples) or net bags for products such as onions. Most of the products were stacked unpackaged on retail store shelves unrefrigerated, or in plastic boxes. One supermarket chain told us they asked their Georgian suppliers to package their onions in 3 kg net bags and would offer them greater volumes and higher

A MARKET ORIENTED APPROACH TO MEETING LOCAL DEMAND FOR AGRICULTURAL PRODUCTS
IN GEORGIA

prices if they did so but the suppliers did not comply with the buyers' request. Suppliers from Turkey and Armenia were able to meet this market need of the supermarket however, and their products sold better in the store.

Labeling for product origin and product variety.

The majority of the supermarkets and wholesale markets we visited did not label the majority of its fresh fruits and vegetables by country of origin, by region of origin, nor by variety of the product or other identifying features. Most of the product sold did not identify the variety, even though buyers knew that some of the varieties available had superior yield, taste, or appearance or other attributes. The consensus among the buyers we talked to thought this was a detriment to local producers since they believed that identifying products as products of Georgia would be a definite advantage..

Carrefour supermarket chain was the only supermarket we observed in Georgia which utilizes country of origin labels on their fresh fruits and vegetables. At Carrefour it is felt that Georgian consumers respond favorably to a Georgian flag next to the fresh produce which comes from Georgia. When the consultant team discussed this marketing approach with other retail supermarket chains, they showed great interest in piloting designation of Georgian food products with Georgian labels and flags, in collaboration with the REAP project.



Produce Department in Carrefour Store in Tbilisi

Designation of regional product origin. There is a broad food trend, particularly strong in the EU but spreading to other regions such as the Caucuses to designate and brand food products by their region of production. For instance in Europe, the *Protected Designation of Origin (PDO)*, *Protected Geographical Indication (PGI)*, and *Traditional Specialties Guaranteed (TSG)* all promote and protect names of quality agricultural products by their origin. They are based on the legal framework provided by the EU and are gradually being expanded internationally via bilateral agreements between the EU and non-EU countries. This ensures that only products genuinely originating in that region are allowed to be identified as such in commerce. The purpose of this designation and local branding is to protect the reputation of the regional foods and help producers obtain a premium price for their authentic products, and eliminate the misleading of consumers by non-genuine products which may be of inferior quality or of different flavor. This geographic designations have covered diverse food products including wines, cheeses, hams, sausages, olives, olive oils, balsamic vinegar and regional fruits, vegetables, and meats.

There is considerable potential to begin identifying and labeling and branding Georgian foods by their variety and region of Georgia. Georgia has already achieved official Protected Geographical Indication for 18 wines, mineral waters, 12 varieties of cheese. The most recent additions (2014) are potato from Akhalkalaki, honey from Machakhela, greens from Kutaisi, and mountain tea from Tkibuli. One of the pre-requisites is to have self-governing body for Geographic Indication. Registration including all relevant documents and certificate for these four products required EUR 20K, and took about a 1 year to be achieved.

Overall comparison of Georgian products versus imports. The consultant team asked wholesale and retail buyers to compare how well Georgian fruits and vegetables products benchmark against competing products from neighboring countries. The spider diagram (adjacent) provides a visual illustration of Georgia’s benchmark position with key competitors Turkey and Armenia in the Georgian fresh produce market. Supplier countries are rated on a scale of 0-5 (where 5 is best) on these product delivery and quality attributes.

These findings demonstrate that Georgia is competitive (during the harvest period) on *price*², *quality*, *taste*, *delivery time*, and *freshness* of its products. The buyer selection competitiveness areas in which Georgia is least competitive vis-à-vis Turkey and Armenia include *packaging and labeling*, and *grading*, respectively. They are also considered uncompetitive in terms of *price and delivery (volumes)* during the significant parts of the year when local supply dries up starting 3-4 months after the harvest period and continuing until the next harvest the following year.

Figure 3: Country Benchmarking for Fresh Produce



C. BUYERS’ PRODUCT SPECIFIC PREFERENCES AND REQUIREMENTS

The project team asked wholesale and retail buyers about their product specific preferences in terms of *quality*, *grades*, *varieties*, *packaging and labeling*, *delivery terms*, *price points*, as best seasonal windows. The product specific requirement are summarized in the table below:

Table 1: Buyer Demand Requirements for Top Imported Products

Product	Summary Buyer Demand Requirements
Onions	<ul style="list-style-type: none"> • Red and white variety, size small or medium round 8-10 cm, 100-150 grams. • Preferred varieties: Aytona, Helens, Katinka, Manas, and Swift • Retailers recommend onions clean, sorted by size, and packaged and labeled in 3 kg net bags. Wholesalers prefer 30 kg net bags.

² Georgia is competitive on price with regional suppliers such as Turkey and Armenia during the short period (2-3 months) following harvest. The rest of the year buyers considered Georgia totally on competitive in terms of price, delivery (volumes).



Product	Summary Buyer Demand Requirements
	<ul style="list-style-type: none"> Preferred seasonal window is April to June when local supplies are low and price is highest (GEL 1.30 per kg) which means storing onions up to 5-6 months will fetch highest prices, however most onions in Georgia are currently stored only 1-2 months.
Kiwi Fruit	<ul style="list-style-type: none"> Main commercial variety is the <i>Hayward</i>, other commercial varieties include <i>Abbot</i>, and <i>Zespri Gold</i>. Early-yielding and late-yielding varieties fetch higher prices. Kiwi fruit should not be stored with other fruit, especially those that produce ethylene since this will cause fruit softening and drastically limit storage time and sale of fruit. Fruit should be sized, graded, and placed in plastic trays, then wrapped with clear polyethylene plastic and presented in one-layer flats.
Garlic	<ul style="list-style-type: none"> Retail supermarkets want large (25-30 mm) white and roundish garlic that is relatively fresh and not too dry. Consumers prefer garlic bulbs which are tight and firm to touch, and clean and intact, with no fungus. Consumers prefer a strong garlic taste and aroma. Packaged and labeled in net bags. Recommended seasonal windows are April-May and November-December when retail prices reach 7.35 GEL per kg.
Corn	<ul style="list-style-type: none"> Dry (moisture below 14%), clean without foreign matter (sticks dirt or small stones) and no discolored kernels. White corn varieties are preferred by millers producing maize flour for human consumption. Yellow varieties preferred by animal feed millers. Current buying prices are 400 GEL per ton (\$160 per ton).
Poultry	<ul style="list-style-type: none"> Consumers give preference to chilled poultry over frozen and are willing to pay a premium for chilled poultry over frozen. Meat should be flavorful, and not too bland or rubbery. High-end consumers prefer free range chickens. Due to steady year around local supply and slaughtering of poultry there is no major period of short supply or seasonal window when price is highest.
Table Grapes	<ul style="list-style-type: none"> Preferred varieties white grape varieties including <i>Rkatsiteli</i> and <i>Thompson seedless grapes</i>. Consumers generally prefer seedless varieties. Grapes are highly valued by consumers who will pay a high price for table grapes when they are fresh. At the retail level, if grapes are refrigerated, they can be displayed for up to 72 hours before visible shrinkage occurs. If grapes are not refrigerated, grapes can be displayed for up to 48 hours before visible. For retail marketing, best to display grapes with label specifying region/country of origin and variety, packaged in plastic bags.



Product	Summary Buyer Demand Requirements
	<ul style="list-style-type: none"> Recommended seasonal window is February to June when supply is lowest and prices are highest.
Cabbage	<ul style="list-style-type: none"> Georgian consumers prefer fresh, clean cabbages, with no visible damage or wilting. There are several local traditional preferred white cabbage varieties, and consumers are also buying newer more exotic varieties including Chinese cabbage and red cabbage varieties. Cabbage (kombosto) is often used in traditional Georgian meals including several cooked cabbage recipes such as stuffed cabbage leaves, or used stews. Consumers also use for fresh in salads, or cole slaw. Recommended seasonal window is February to August when supplies of local cabbage products are lowest and retail prices average 2.50 GEL per kg
Apples	<ul style="list-style-type: none"> Newer varieties: <i>Golden, Gala, Fuji, Spur family, Granny Smith</i> Older varieties from Soviet times: <i>Banani, Kekhura, Georgian Sinaphi</i> <i>Georgian Sinpahi</i> is the most expensive type of apple in Georgia due to its taste and relatively limited supplies. Main harvest lasts from the end of August through October, but there are some summer varieties (Lodi, Champagne, etc.); prices are high due to limited supplies as the harvest of summer varieties starts in the beginning of July. Preferred retail packaging is in clear plastic bags, or plastic or wooden crates. Recommended seasonal window is February to August when supplies of local apple products are lowest.
Plums	<ul style="list-style-type: none"> Preferred color is dark black, and it is highly demanded locally. Preferred varieties include <i>Stanley</i> and <i>President</i> (average size is 5 cm). There are some other varieties, larger in size, but demand for them is lower. Dark black crop is used in making dried plums that sells for about 12-14 GEL/kg Plums are harvested in the end of August/ September. Dark black varieties are stored up to for 1 month. Recommended seasonal window is March to June when prices average 2.5 GEL/kg.

D. PERCEPTIONS FROM SUPPLIERS AND PROCESSORS

The team also interviewed Georgian producers and processors (*REAP production partners, cold storage facilities owners and managers, food processing companies, and Farm Service Centers*). The purpose of these interviews was to gain their perspectives on the *supply-side capabilities* with respect to issues such as: *product quality; product yields and production potential, post-harvest handling practices, grading and packaging, supply chain management, and payment terms and conditions*.

Product quality. Product quality is a function of product varieties and good farm practices, soil nutrition and access to water, as well as post-harvest handling and storage practices. The major



challenges with Georgian producers and processors tend to occur at the post-harvest handling and marketing stages. Georgian stakeholders told us that post-harvest losses averaged 20-35 percent and so a significant amount of the product was lost or lost value due to poor post-harvest handling practices. Part of the problem is a lack of post-harvest handling and processing facilities (REAP has made significant co-investments in this area in the last two years however), but also the lack of good aggregation and supply chain management practices results in practices such as small farmers storing the perishable products such as onions, potatoes, or garlic in their basements for several weeks post-harvest so that product has already deteriorated when it reached a cold storage facility. This problem could be overcome if the post-harvest aggregation schedules were better organized with specific pick up times and premiums offered to farmers for freshness of their product. This could all be organized under more structured supply chain management practices.

Product Varieties. Most of the product offered to buyers by suppliers did not identify the variety of the product. Several producers were aware that some of the varieties available had superior yield, taste, or appearance attributes but had not invested the time or effort to identify the variety of the product they are selling.

Production volumes and yields. There was a widespread consensus among producers, input suppliers (Farm Service Centers) and processors that Georgian production volumes are small and farm yields are lower than the competitor countries. On average for the products we examined (see next chapter of this report) Georgian production yields in the core products studied are typically 20-40% of nearby competitors in Turkey, Armenia, Ukraine, and Russia. The principal reasons for the lower yields are lack of high-yielding planting materials, as well as lower levels of other key production inputs such as fertilizer, pesticides, and irrigation systems. The low input results in lower crop yields and less product volumes.



REAP Produce Aggregator

Grading and cleaning. Producers, cooperatives, and processors told us that they mostly lacked any automated grading and packaging equipment and if they did any grading or cleaning it was done by hand and by visual inspection. The main reason they cited for the lack of post-harvest sorting and packaging equipment was the cost involved.

Packaging and labeling. The majority of Georgian producers and processors interviewed told us they rarely packaged fruits and vegetable products in plastic bags (grapes or apples) or net bags for products such as onions or carrots. Most of the products are stacked unpackaged in plastic boxes or crates. An exception to this general practices is the REAP grantee (see adjacent picture) who grades and sorts his onions and carrots and packages them for sale in open markets in see-through net bags.

Another exception to Georgian packages practices is REAP grantee Herbia Ltd, which sells fresh herbs in Georgia supermarkets at premium prices. Herbia (see supermarket display in picture below) is following international best practices in terms of packaging in attractive plastic packages that enable the buyer to see the product and their brand logo. Their display stand is also appealing and gets immediate attention from buyers. In addition, Herbia produces most of its fresh herb products in



Herbia Display at Goodwill Supermarket



greenhouses, and also stores them in cold storage for several months of the year—so they are able to continue to supply their main supermarket customers in Georgia throughout the calendar year. If other Georgian fresh produce producers followed these very good production, storage, and packaging and displaying practices they would be much more successful in extending the shelf lives of their product and extending their sales windows within the Georgian market.

Labeling for product origin and product variety. The majority of the Georgian producers and processors do not label their fruits and vegetables by country of origin, by Georgian region of origin, nor by variety of the product, or other identifying features. This lack of regional demarcation and absence of a Georgian label, tag, or flag represents an important missed opportunity to create a positive brand image for Georgian products.

Contractual and payment terms. Purchases at the farm-gate level are usually done on a spot market basis, with cash paid on delivery basis at the pick-up location by the wholesale buyers. A few of the commercially-oriented crops such as grapes for wine occasionally work with production contracts, but the vast majority of fresh fruits and vegetables for the local market work on a spot market basis with on the spot decisions to buy or sell at market prices.

Supermarkets which have tried to work with production contracts said that frequently their Georgian suppliers were unable to meet the delivery volumes on schedule as per the contractual agreements. As such they preferred to make spot market purchases or purchase on consignment basis. Most of the supermarkets we interviewed bought local fruits and vegetables on a consignment basis.

Payments to suppliers are typically paid to a supplier's bank account 30 days from the product acceptance or product sale, depending on the sale terms. The net 30 day payment terms are considered fairly onerous by most of the suppliers we talked to. They would prefer a smaller number of days before payment (such as 14 days), but they also are aware that the large supermarkets generally have stronger negotiating power so they can set slower payment terms. Most of the suppliers we talked to would rather keep their markets with the supermarkets than lose their sales over disagreements on the payment schedule.



III. GEORGIA'S STRUCTURE OF AGRICULTURAL TRADE

A. IMPORT TRENDS

During 2008-15 average annual agricultural imports averaged \$US 1.1 billion. Annual growth in agricultural imports averaged 2.3% during the same time period. Supply of imported food products generally rose throughout the analysis period, with the exception of 2015, when they dropped by 15 % from the previous year level. The top 15 products³ amounted to about 50% of total agricultural imports (see Table 2 and Figure 4).

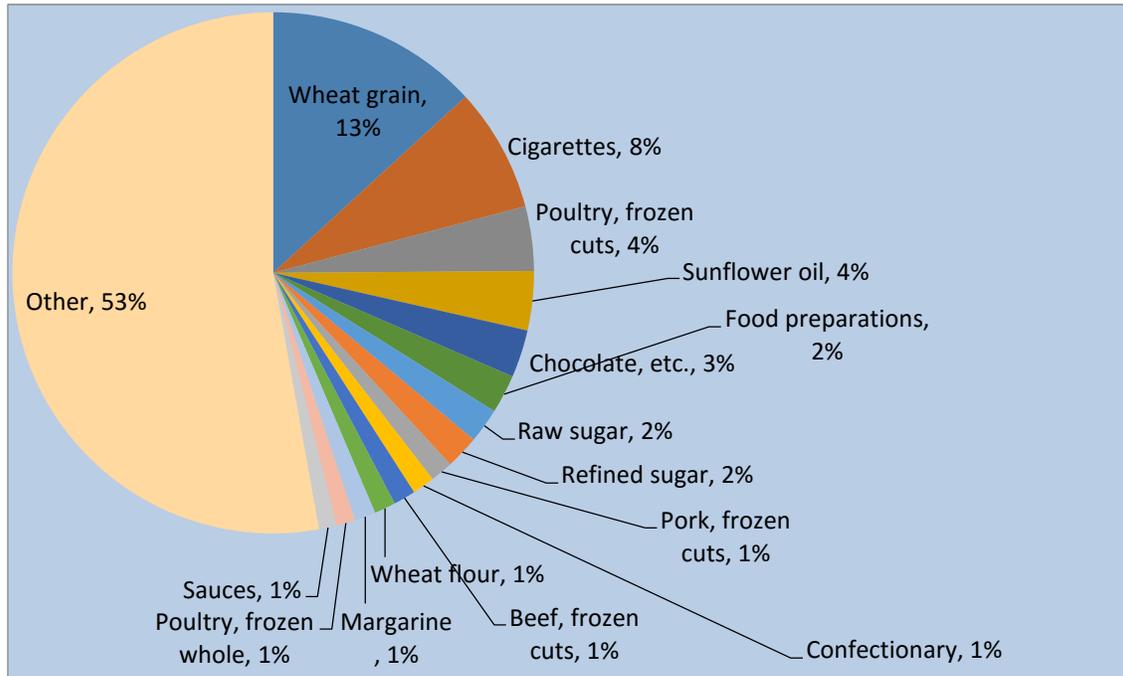
Table 2: Import Trends for Top 15 Agricultural Products (2008-2015)

Product	Average Share, %	8-year Average, '000 \$US	Annual Growth, %	Rank
Wheat grain	13%	146,075	2.17%	1
Cigarettes	8%	85,212	7.51%	2
Poultry, frozen cuts	4%	44,315	2.86%	3
Sunflower oil	4%	40,555	-0.57%	4
Chocolate, etc.	3%	32,719	-1.69%	5
Food preparations	2%	26,524	-1.54%	6
Raw sugar	2%	23,793	1.52%	7
Refined sugar	2%	22,962	-10.80%	8
Pork, frozen cuts	1%	15,576	7.35%	9
Confectionary	1%	15,375	3.10%	10
Beef, frozen cuts	1%	15,116	-1.37%	11
Wheat flour	1%	14,716	-24.46%	12
Margarine	1%	14,476	1.00%	13
Poultry, frozen whole	1%	12,851	1.54%	14
Sauces	1%	12,139	2.76%	15

Source: International Trade Center, estimates

³ Aggregated at a 6-digit Harmonized System Commodity Code (HS CC)

Figure 4: Average Share of Top 15 Products in Total Agricultural Imports



Source: International Trade Center, estimates

B. EXPORT TRENDS

During the 2008-2015 time period, agricultural exports averaged \$US 509 million per year. Annual export growth during the same period equaled 14%. Similar to agricultural imports, agricultural exports were characterized by upward movement during the 2008-2015 period. However in 2015, with a major Russian reduction in imports from Georgia, exports dropped by 26% from the preceding year. The top 15 exported agricultural products⁴ represent around 77% of total agricultural exports (see both Table 3, Figure 5 below).

⁴ Aggregated at a 6-digit Harmonized System Commodity Code (HS CC)

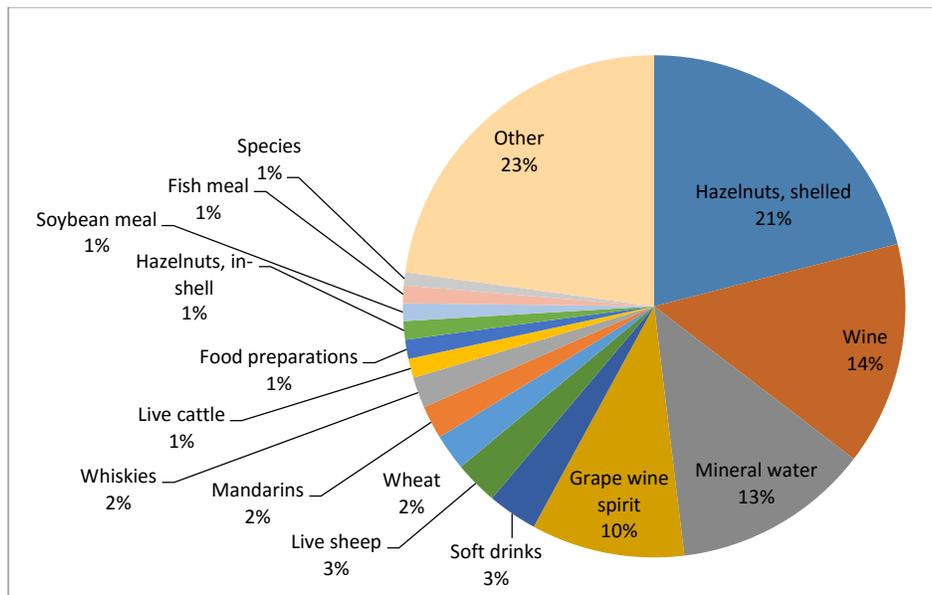


Table 3: Trends for Top 15 Exported Agricultural Products (2008-2015)

Product	Average Share, %	8-year Average, '000 \$US	Annual Growth, %	Rank
Hazelnuts, shelled	21%	106,947	30%	1
Wine	14%	73,297	15%	2
Mineral water	13%	64,651	15%	3
Grape wine spirit	10%	50,269	-1%	4
Soft drinks	3%	16,361	13%	5
Live sheep	3%	14,261	50%	6
Wheat	2%	14,571	-26%	7
Mandarins	2%	10,843	17%	8
Whiskies	2%	10,110	-100%	9
Live cattle	1%	16,751	> 100%	10
Food preparations	1%	6,260	-18%	11
Hazelnuts, in-shell	1%	6,073	-4%	12
Soybean meal	1%	5,783	27%	13
Fish meal	1%	5,775	74%	14
Species	1%	4,263	127%	15

Source: International Trade Center, estimates

Figure 5: Average Share of Top 15 Products in Total Agricultural Exports



Source: International Trade Center, estimates



C. NET AGRICULTURAL TRADE BALANCE

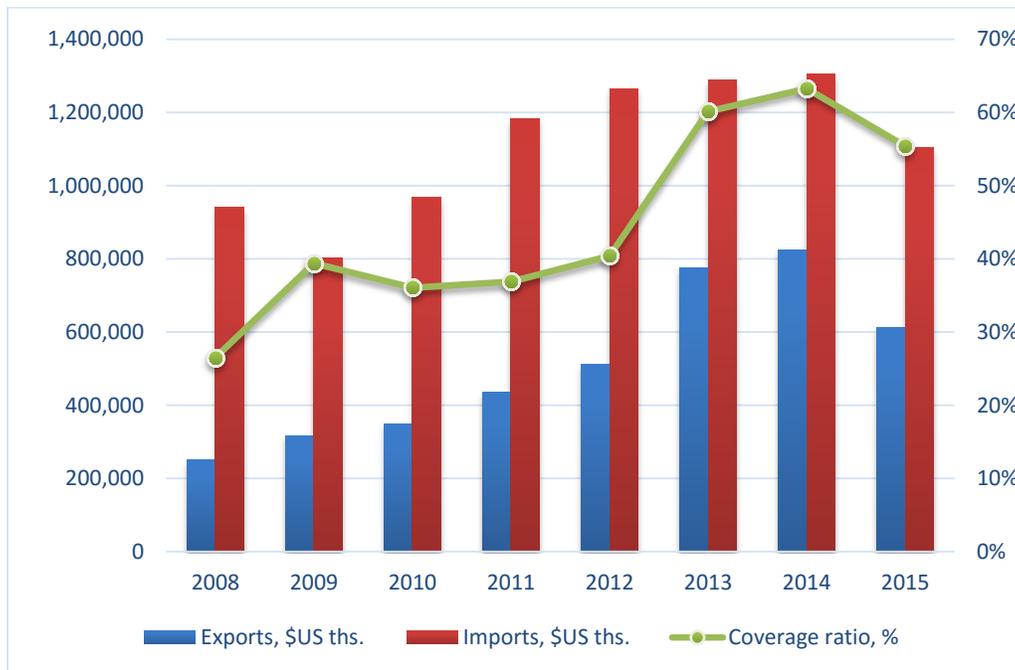
Georgia has been a net importer of agriculture products during 2008-2015 period. Both exports and imports were characterized with an increasing pattern, while the annual growth rate of agricultural exports (14%) was greater than that of agricultural imports (2%). The increasing trend was reversed in 2015, when export and imports declined from previous year levels by 26% and 15%, respectively (Table 4, Figure 6).

Table 4: Agriculture Trade Balance (2008-2015)

Year	2008	2009	2010	2011	2012	2013	2014	2015
Exports, \$US ths.	249,904	316,472	349,263	436,591	510,575	774,271	825,631	611,909
Imports, \$US ths.	942,051	803,333	968,403	1,183,784	1,263,308	1,288,051	1,305,035	1,104,728
Coverage ratio, %	27%	39%	36%	37%	40%	60%	63%	55%

Source: International Trade Center, estimates

Figure 6: Agriculture Export Coverage of Agriculture Import Ratio



Source: International Trade Center, estimates



IV. ANALYSIS AND RANKING OF BEST OPPORTUNITIES TO FULFILL IMPORT DEMAND

A. RANKING SYSTEM AND PRODUCT SCORING CRITERIA

A ranking matrix was used to select about 10 products which demonstrate high potential for import substitution with further technical assistance. *Demand and supply side selection criteria* were applied as follows:

- **Demand side criteria** – market size and market growth
- **Supply side criteria** – competitiveness, quickness of a supply response, and leverage of REAP Investments.

Demand side criteria in total were assigned with 45% weight, and *supply side* with 55% weight. Scores ranging between “1” to “5” were allotted to every criteria. Scoring of criteria was based on qualitative and quantitative information. Table 5 presents criteria, respective weights, and scoring based either on quantitative and/or qualitative information.

Table 5: Criteria for Ranking and Respective Weights

Criteria	Weight	Type of Information
Demand side 45%		
Market size	30%	Quantitative
Market growth	15%	Quantitative
Growth in imports		Quantitative
Growth in prices		Quantitative
Supply side 55%		
Competitiveness	10%	Quantitative
Revealed trade advantage (RTA)		Quantitative
Unit output increase potential		Quantitative
Quickness of supply response	10%	Qualitative
Leverage of REAP investments	35%	Qualitative

Source: Consultant team formulation

Products were scored against our demand and supply criteria. A score of “1” stood for a low score, while score “5” represent the highest score (Table 6).



Table 6. Raw Scoring of Products against Demand and Supply Side Criteria

Product	Demand side criteria			Supply side criteria			
	Market size	Growth in imports	Growth in prices	Revealed trade advantage	Unit output increase potential	Quickness of supply response	Leverage REAP investments
Potato	1	1	2	4	4	5	5
Tomato	1	5	2	1	2	5	5
Onion	2	5	3	4	2	5	5
Garlic	1	5	4	4	3	5	5
Cabbage	1	5	2	4	2	5	5
Carrots	1	5	2	1	1	5	5
Beets	1	5	2	4	0	5	5
Cucumber	1	5	2	1	2	5	5
Beans	1	3	3	1	4	5	5
Eggplant	1	5	2	1	2	5	5
Peppers	1	5	2	3	0	5	5
Kiwi	1	5	2	4	5	5	5
Apples	1	5	3	4	1	5	5
Table Grape	1	5	2	4	2	5	5
Plums	1	5	0	4	2	5	5
Beef	2	1	5	4	4	1	1
Pork	3	4	4	1	2	1	1
Poultry, frozen	5	2	3	3	4	2	2
Poultry, fresh	5	2	4	1	4	3	3
Milk powder	2	1	3	4	2	1	1
Eggs	1	1	3	4	0	1	1
Wheat	5	2	2	1	5	2	2
Corn	1	5	2	4	3	5	5

Source: International Trade Center, and FAO data

DEMAND SIDE CRITERIA

Average annual value of imports was used as a proxy to market size criteria. For all analyzed products 8-year weighted average annual import values were estimated. Based on the range of estimated average values thresholds were established. Scores were assigned to every threshold value; higher scores were assigned to higher thresholds of annual average import values (Table 7).

Table 7. Scoring Level for Different Import Values

Threshold, \$US million	Score
>0, <=1	1
>1, <=2	2
>2, <=3	3
>3, <=4	4
>4	5

Source: Consultant team formulation

Market growth criteria represented an aggregate of product import value (in dollar terms) and retail price annual growth rates. Considering ranges of obtained average values of growth rates, thresholds were established both for import and retail annual growth rates and they were matched to the scores. Higher scores corresponded to the higher growth rates. In composite market growth criteria *import and retail price annual growth rate* scores were weighted by 80% and 20%, respectively, to recognize greater importance of import growth relative to that of prices. The retail price score represented an aggregation three variables: *annual average prices, average price growth, and volatility⁵ of annual prices.*

Table 8. Import and Retail Price Annual Growth Rate Thresholds and Relevant Scores

Import Annual Growth Rate, %	Retail Price Annual Growth Rate, %	Mean of Annual Average Prices, GEL/kg	Volatility of Annual Average Prices, %	Score
>0, <=2%	>0, <=2%	>0, <=2%	>0, <=10%	1
>2%, <=4%	>2%, <=4%	>2%, <=4%	> 10%, <=20%	2
>4%, <=6%	>4%, <=6%	>4%, <=6%	> 20%, <=30%	3
>6, <=8%	>6, <=8%	>6, <=8%	>30%, <=40%	4
>8%	>8%	>8%	>40%	5

Source: consultant's estimates

SUPPLY SIDE CRITERIA

Competitiveness criteria consisted of relative trade advantage (RTA) index and per unit output growth potential. To recognize the importance of the latter as a contributor to competitiveness, it was assigned with a 70% weight, while the former with a 30% weight. The RTA index was used as a measure to assess Georgia's world competitiveness in respect to the major import supply markets for every analyzed product (Table 9).

⁵ Volatility is measure by coefficient of variation, that is standard deviation divided by mean



Table 9. Major Import Supply Markets

Product	Major Import Supply Country
Tomato	Turkey
Eggplant	Turkey
Cucumber	Turkey
Carrots	Turkey
Peppers	Turkey
Beans	Turkey
Cabbage	Turkey
Potato	Ukraine
Onion	Ukraine
Beets	Armenia
Garlic	China
Kiwi	Iran
Apples	Turkey
Table Grape	Armenia
Plums	Turkey
Wheat	Russia
Corn	Russia
Beef	India
Pork	Brazil
Poultry	Turkey/ USA
Milk powder	Ukraine
Eggs	Belarus

Source: International Trade Center, estimates

RTA is the difference between the relative export advantage and the relative import advantage⁶. A negative value of the RTA index indicates a relative trade disadvantage, while its positive value implies a

⁶ The variables of the formula below are as follows: “exp” represents exports, “imp” stands for imports, “i” is an analyzed product, “j” is aggregation of all traded goods (either imports or exports), “w” is the world.

$$RTA = \left(\frac{\left(\frac{GEORGIA_{(exp)(i)(w)}}{GEORGIA_{(exp)(j)(w)}} \right)}{\left(\frac{IMPORTER_{(exp)(i)(w)}}{IMPORTER_{(exp)(j)(w)}} \right)} \right) - \left(\frac{\left(\frac{GEORGIA_{(imp)(i)(w)}}{GEORGIA_{(imp)(j)(w)}} \right)}{\left(\frac{IMPORTER_{(imp)(i)(w)}}{IMPORTER_{(imp)(j)(w)}} \right)} \right)$$



relative trade advantage. When the RTA equals “0,” it is considered as a breakeven point. Per unit output growth potential was estimated simply by estimating the proportion of product yields in Georgia relative to those in major import supply markets.

Considering the range of derived estimates, thresholds were established both for RTA indexes and per unit output growth potential indicators. Higher values corresponded to a higher score (Table 10).

Table 10. Competitiveness Thresholds and Relevant Scores

RTA Index Threshold	Yield Threshold	Score
<= - 2,000	>0, <=20%	1
>-2,000, <=-1,500	>20%, <=40%	2
> - 1,500, <=-1,000	>40%, <=60%	3
> - 1,000, <=- 500	>60%, <=80%	4
>-1500	>80%	5

Source: International Trade Center, FAO, estimates

Quickness of a supply response was a qualitative criteria. It was based on the number and length of crop growing season/production cycle, capacity of market actors to respond to market incentives and adopt improved practices on different value addition stages of supply chains in a relatively short-time frame, and remaining time period until the end of REAP Project activities. In general, annual crops and products requiring TA on a value addition stage of a supply chain were assigned with high scores.

Leverage of REAP investment criteria was also a qualitative criteria and higher scores were assigned to products in which supply chains REAP Project has made considerable investments.

B. OVERALL PRODUCT SCORING RESULTS SUMMARY

Criteria specific estimated scores were multiplied by weights assigned to each criteria, and the sum of products was calculated for every analyzed product to arrive to produce a specific total weighted score. The derived sums were ranked in descending order (Table 11).

Table 11. Overall Product Ranking

Product	Criteria					Total weighted score	Rank
	Demand Side		Supply-Side				
	Market Size	Market Growth	Competitiveness	Quickness of Supply Response	Leverage REAP Investments		
Onion	0.6	0.7	0.3	0.5	1.8	3.79	1
Kiwi	0.3	0.7	0.5	0.5	1.8	3.69	2
Garlic	0.3	0.7	0.3	0.5	1.8	3.59	3



Corn	0.3	0.7	0.3	0.5	1.8	3.55	4
Poultry, fresh/chilled	1.5	0.3	0.3	0.3	1.1	3.51	5
Table Grape	0.3	0.7	0.3	0.5	1.8	3.46	6
Cabbage	0.3	0.6	0.3	0.5	1.8	3.46	7
Apples	0.3	0.7	0.2	0.5	1.8	3.42	8
Plums	0.3	0.6	0.3	0.5	1.8	3.41	9
Tomato	0.3	0.6	0.2	0.5	1.8	3.37	10
Cucumber	0.3	0.6	0.2	0.5	1.8	3.37	10
Eggplant	0.3	0.6	0.2	0.5	1.8	3.37	10
Beets	0.3	0.7	0.1	0.5	1.8	3.32	13
Beans	0.3	0.5	0.3	0.5	1.8	3.31	14
Carrots	0.3	0.7	0.1	0.5	1.8	3.30	15
Peppers	0.3	0.7	0.1	0.5	1.8	3.29	16
Potato	0.3	0.2	0.4	0.5	1.8	3.13	17
Poultry, frozen	1.5	0.3	0.4	0.2	0.7	3.11	18
Wheat	1.5	0.3	0.4	0.2	0.7	3.09	19
Pork	0.9	0.6	0.2	0.1	0.4	2.12	20
Beef	0.6	0.3	0.4	0.1	0.4	1.71	21
Milk Powder	0.6	0.2	0.3	0.1	0.4	1.51	22
Eggs	0.3	0.2	0.1	0.1	0.4	1.07	23

Source: International Trade Center, Georgia National Statistics Service, estimates

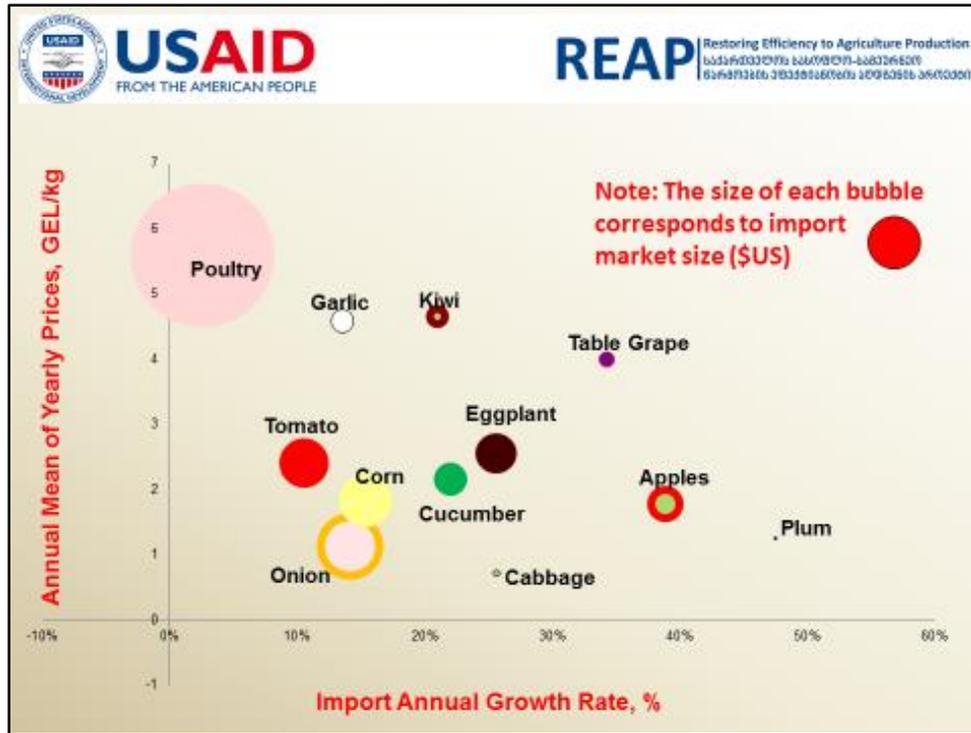
Based on above provided ranking, 9 products were identified for consideration for further TA. These products represented fruit crop group (apples, table grapes, kiwi, and plums), vegetable crop group (onions, cabbage, and garlic), cereal crop group (corn), and meats group (poultry). The similar scores and ranks were derived for tomato, cucumber, and eggplants. One of these products, or the combination of them can be considered for further TA depending on project objectives, available resources and capacity to establish linkages.

C. IDENTIFICATION OF HIGH GROWTH, HIGH VALUE PRODUCTS

As the figure below of illustrates, several Georgian food products' import have grown at a very high annual growth rate since 2008. Growth in imports of plums, apples and table grapes have been the most explosive. In terms of retail value (GEL/kg) several regional value chains of interest to USAID have performed very well, poultry and garlic represent the highest value commodities. When looking at the market size (size of the bubble corresponding to \$US import market size) poultry, onions, corn, and potatoes represent the largest sized import market opportunities.



Figure 7 High Growth Product Markets





D. KEY PRODUCT RESULTS COMPARISONS

The figures below summarize in graphic fashion the product-specific ranking in several of the key scoring criteria including:

Figure 8 Market Size (imports, \$US million, 2008-2015 average)

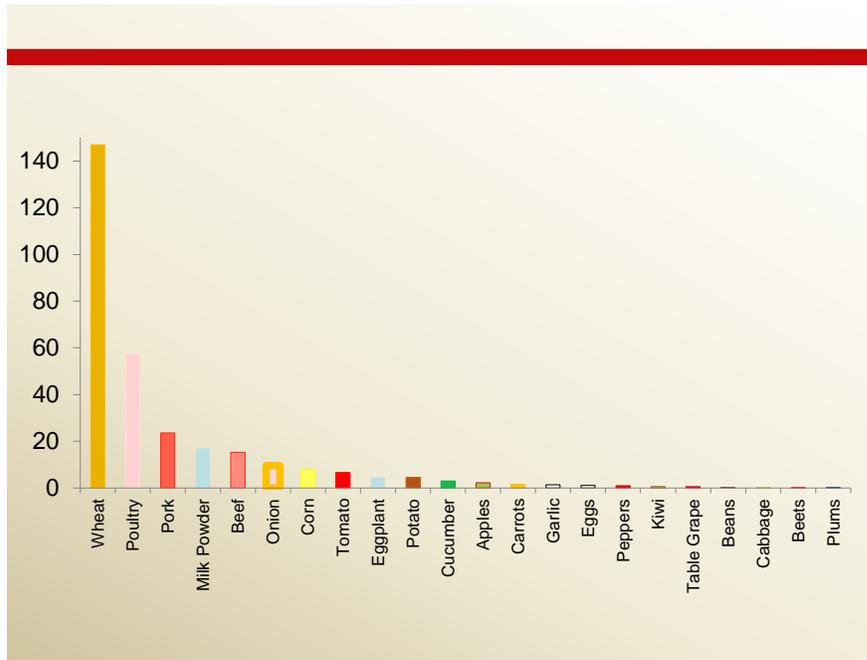


Figure 9 Market Growth (annual percent growth rate, 2008-2015)

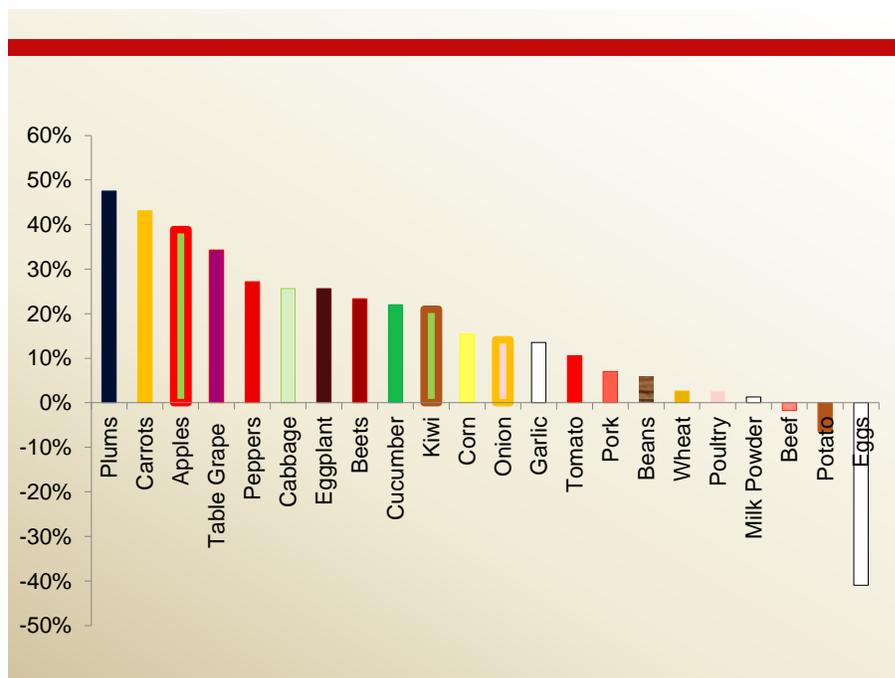


Figure 10 Retail Price Level and Volatility (2008-2015)

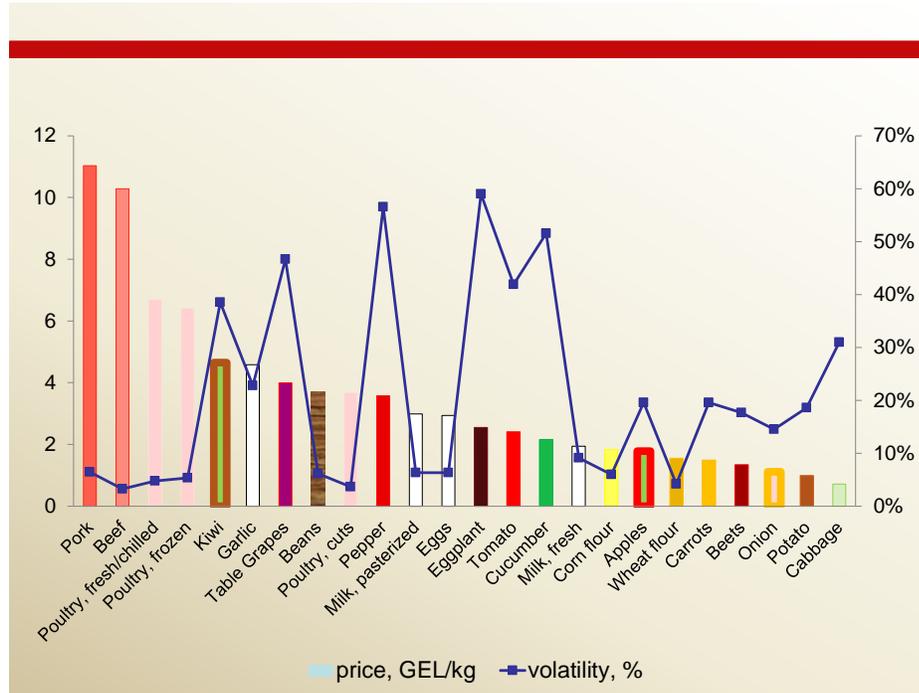
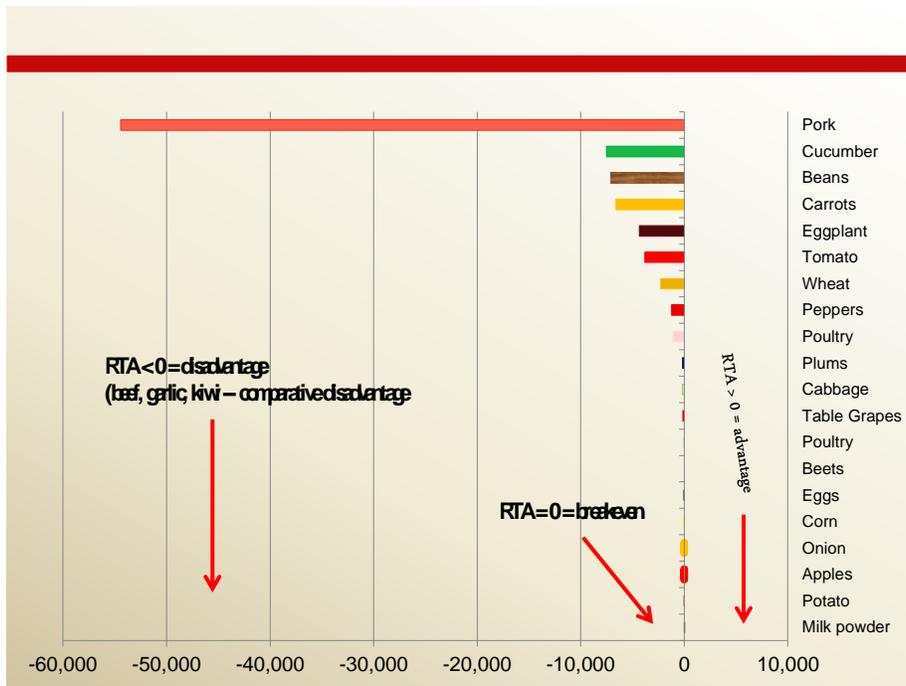


Figure 11 Comparative Trade Advantage of Georgia vs Major Import Supply Markets (2008-2014)



These figures help delineate in graphics the individual product scoring results which are summarized in section E below.



E. RESULTS BY PRODUCT

ONION

DEMAND SIDE CRITERIA

The annual average supply of onion imports was \$US 11.2 million, which resulted in the score of “2”. Onion import growth rate was 14% while retail price growth was 6.6% which led to scores of “5” and “3,” respectively. The criteria that make up the annual price growth (annual average prices, price growth, and price volatility) scored “1”, “4” and “4.”

SUPPLY SIDE CRITERIA

Georgia’s RTA indicator for onions in relation to Ukraine totaled (-20), which resulted in the score “4”. Estimated percentage of onion yield per hectare in Georgia compared to that in Ukraine was about 34%. This estimate resulted in the score of “2”. With the provision of TA, supply response on both the farmer and cold store operator levels should be quite quick; thus, this criteria was scored “5”. Significant support was provided by REAP to primary producers and cold store operators; therefore, REAP can leverage its investments and this criteria was scored “5”.

KIWI

DEMAND SIDE CRITERIA

During the analysis period, Georgia’s annual average imports of kiwi were around \$US 0.8 million. This size of imports corresponded to the score of “1”. Import growth and retail price growth were approximately 21% and 0.5%, respectively. The estimate of import growth corresponded to the score of “5”, while that of retail prices resulted to a score of “2”. The criteria that make up the annual price growth (mean of annual average prices, average annual price growth, and price volatility) were scored “3”, “1”, and “2.”

SUPPLY SIDE CRITERIA

It was not possible to estimate the RTA index through assessing Georgia’s competitiveness in relation to Iran due to the problem with a “0” value; however, bilateral trade data revealed the significantly greater advantage of Iran. Therefore, Georgia’s RTA was assigned with the score “1”. Per hectare output of kiwi in Georgia was about the same of that in Turkey, which amounted to the score “5”. With the provision of TA and market incentives, supply response both on the farmer and cold store operator levels should be quite quick; thus, this criteria was scored “5”. Significant support was provided by REAP to primary producers and cold store operators; therefore, REAP can leverage its investments and this criteria was scored “5”.



CORN

DEMAND SIDE CRITERIA

Over the 2008-2015 period, Georgia on average, imported about \$US 9.6 million worth of corn grain. The estimated proxy of the market size was scored “1”. Import growth and retail price⁷ growth rates were 15% and 2.9%, which resulted in the scores of “5” and “2”. The criteria that make up the annual price growth (annual average prices, price growth, and price volatility) equaled “1”, “2”, and “5”, respectively.

SUPPLY SIDE CRITERIA

The corn RTA index, illustrating Georgia’s competitiveness with Russia, was (-21) and scored a “4”. Corn per hectare yield in Georgia compared to that of Russia was about 50% and scored a “3”. With the provision of TA and given the growing feed demand in the poultry sector, supply responses on both the farmer and warehouse operator levels should be quite quick; thus, this criteria was scored “5”. REAP project can leverage its investments and therefore, this criteria was scored “5”.

POULTRY, FRESH/ CHILLED

DEMAND SIDE CRITERIA

On average, Georgia has been importing \$US 60.1 million worth of all types of poultry (frozen poultry whole and in cuts, fresh/chilled poultry whole and in cuts) annually. The estimated size of imports related to the score “5” while poultry import growth and retail price growth rates were 2% and 1.3%, which resulted in the scores of “2” and “3,” respectively. The criteria that make up the annual price growth (annual average prices, annual average price growth, and volatility of annual average prices) were “3”, “1” and “5.”

SUPPLY SIDE CRITERIA

Georgia’s RTA for poultry relative to that of Turkey made (-1,065) and it matched to the score “3”. Poultry meat output per head in Georgia was 69% of that in Turkey, which amounted to the score “4”. With the provision of TA, and given the relatively short production cycle and increased local demand on fresh/chilled poultry, supply response on the enterprise level should be quite quick; thus, this criteria was scored “5”. REAP can leverage its investment to improve feed availability and accessibility for poultry enterprises; hence this criteria was scored “5”.

GARLIC

DEMAND SIDE CRITERIA

During the analysis period, Georgia on average has annually imported slightly more than \$US 2 million worth of garlic. This size of imports resulted in a score of “1”. Garlic import growth and retail price growth rates were 14% and 11% and scored a “5” and “4”. The criteria that make up the annual price growth (annual average prices, price growth, and price volatility) scored “3”, “5” and “3”, respectively.

⁷ Corn flour retail prices were used as a proxy to corn grain prices



SUPPLY SIDE CRITERIA

It was not possible to estimate Georgia’s garlic RTA in relation to China due to the “problem” with “0” values; however, from analysis of Georgia’s and China’s garlic trade, a significant trade disadvantage of Georgia relative to China was evident; therefore, this criteria was scored a “1”. Georgia’s per hectare yield of garlic was 41% of that in China, and this value resulted in the score of “3”. With the provision of TA, supply response on both the farmer and cold store operator levels should be quite quick; thus, this criteria was scored “5”. Significant support was provided by REAP to primary producers and cold store operators; therefore, REAP can leverage its investments and this criteria was scored “5”.

TABLE GRAPES

DEMAND SIDE CRITERIA

During 2008-2015, Georgia’s average annual imports of table grapes were about \$US 1.5 million. This value amounted to the score “1”. Calculated import growth and retail price growth rates were 34% and 2.2%, and received scores of “5” and “2,” respectively. The criteria that make up the annual price growth (annual average prices, annual average price growth, and volatility of annual average prices) resulted in the scores of “2”, “2”, and “1.”

SUPPLY SIDE CRITERIA

Georgia’s RTA index for potatoes vis-à-vis Armenia was (-145), which corresponded to a score of “4”. Potato per hectare yield in Georgia was about 21% of that in Armenia, which amounted to a score of “2”. With the provision of TA and the market incentives, supply response on both the farmer and cold store operator levels should be quite quick; hence, this criteria was scored “5”. Significant support was provided by REAP to primary producers and cold store operators; therefore, REAP can leverage its investments and this criteria was scored a “5”.

CABBAGE

DEMAND SIDE CRITERIA

Over the 2008-2015 period, Georgia on average has imported about \$US 0.3 million worth of cabbages annually. This size of imports resulted in the score of “1”. Cabbage import growth and retail price growth rates were 26% and 3.3% and amounted to the scores of “1” and “2”. The criteria that make up the annual price growth (annual average prices, annual average price growth, and volatility of average annual prices) resulted in the scores of “1”, “2” and “2.”

SUPPLY SIDE CRITERIA

Georgia’s RTA in cabbage relative to Turkey was about (-165), which received the score of “4”. The estimated per hectare yield of Georgia’s cabbage to that of Turkey equaled 30%, and corresponded to the score of “2”. With the provision of TA, supply response on both the farmer and cold store operator levels should be quite quick; thus, this criteria was scored “5”. Significant support was provided by REAP to primary producers and cold store operators; therefore, REAP can leverage its investments and this criteria was scored “5”.



APPLES

DEMAND SIDE CRITERIA

On average, Georgia has imported \$US 3.5 million worth of apples annually. This size of imports resulted in the score of “1”. Apple import growth and retail price growth rates were 39% and 8.2% which resulted in the scores of “5” and “3”. The criteria that make up the annual price growth (mean of annual average prices, average and price growth, and price volatility) totaled “1”, “5” and “4”, respectively.

SUPPLY SIDE CRITERIA

Georgia’s RTA index estimate for apples revealed Georgia’s competitive disadvantage in respect to Turkey. The average index was (-17) and it corresponded to the score of “4”. Per hectare output of apples in Georgia was 19% of that in Turkey and the score assigned as a result was a “1”. With the provision of TA and market incentives, supply response on both the farmer and cold store operator levels should be rather quick; therefore, this criteria was scored “5”. Substantial support was provided to cold store facilities in the frame of the REAP project in major apple growing region; hence, REAP can leverage its investments and this criteria was scored “5”.

PLUMS

DEMAND SIDE CRITERIA

Georgia’s annual plum imports approximated \$0.07 million, which corresponded to the score of “1”. The annual import growth rate totaled 48% which resulted in a score of “5”.⁸

SUPPLY SIDE CRITERIA

The indicator for Georgia’s RTA for plums relative to Turkey approximated (-174), which corresponded to the score “4”. Georgia’s per hectare plum yield compared to that of Turkey totaled 39% and was scored a “2”. With the provision of TA, supply response on both the farmer and cold store operator levels should be quite quick; thus, this criteria was scored a “5”. Significant support was provided by REAP to primary producers and cold store operators in major plum growing regions; therefore, REAP can leverage its investments and this criteria was scored a “5”.

TOMATO

DEMAND SIDE CRITERIA

The average supply of tomato imports was about \$US 7.6 million, which results in the score of “1”. Tomato import growth and retail price growth rates equaled 11% and 2%, and thus, received scores of “5” and “2.” The criteria that make up the annual price growth (annual average prices, price growth, and price volatility) scored “2”, “1” and “1”.

⁸ Due to the lack of plum retail price data, only import growth rates were considered in the scoring of market growth criteria.



SUPPLY SIDE CRITERIA

Georgia's RTA indicator for tomato in relation to Turkey totaled (-3,799), which resulted in the score of "1". The estimated percentage of tomato per hectare yield in Georgia compared to that in Turkey was about 29% and was scored a "2". With the provision of TA, supply response on both the farmer and cold store operator levels should be quite quick; thus, this criteria was scored "5". Significant support was provided by REAP to primary producers, and greenhouse and cold store operators; therefore, REAP can leverage its investments and this criteria was scored "5".

CUCUMBER

DEMAND SIDE CRITERIA

Over the 2008-2015 period, Georgia on average has imported about \$US 3.5 million worth of cucumbers annually. This size of imports received a score of "1". Cucumber import growth and retail price growth rates were 22% and 1% and resulted in the scores of "5" and "2.". The criteria that make up the annual price growth (annual average prices, annual average price growth, and volatility of average annual prices) resulted in scores of "2", "1" and "1."

SUPPLY SIDE CRITERIA

Georgia's RTA in cucumber relative to Turkey was about (-7,514), which related to the score "1". The estimated proportion of Georgia's cucumber per hectare yield to that of Turkey, equaled 26%, and this value corresponded to the score "2". With the provision of TA and market incentives, supply response both on farmer and cold store operator levels should be quite quick; thus, this criteria was scored "5". Significant support was provided by REAP to primary producers, and greenhouse and cold store operators; therefore, REAP can leverage its investments and this criteria was scored "5".

EGGPLANT

DEMAND SIDE CRITERIA

Georgia's average imports of eggplants were around \$US 5.5 million. This size of imports corresponded to the score of "1". Annual import growth and retail price growth rate were 26% and 0.8%, and were scored "5" and "2", respectively. The criteria that make up the annual price growth (annual average prices, price growth, and price volatility) resulted in scores of "2", "1" and "1."

SUPPLY SIDE CRITERIA

The RTA estimate of Georgia in relation to Turkey totaled (-4,323), which amounted to the score of "1". Eggplant per hectare yield in Georgia was about 25% of that in Turkey, and this estimate corresponded to the score of "2". With the provision of TA and market incentives, supply response on both the farmer and cold store operator levels should be quite quick; thus, this criteria was scored a "5". Significant support was provided by REAP to primary producers and cold store operators; therefore, REAP can leverage its investments and this criteria was scored a "5".



V. SUMMARY ACTION PLANS

I. Launch a National Buy Georgian Campaign

Overall Objective

The objective of the Buy Georgian campaign is raise awareness of Georgian products, boost local consumer spending, and strengthen local agricultural production “Buying local” from local farms will provide fresh local food to Georgian consumers.

Rationale

Buy local campaigns will be needed to add additional economic value to local Georgian farm and food products and provide Georgian agricultural producers with a farmers with tool to increase their marketing power. “Buy local” campaigns can be a powerful tool to help promote and sustain independent businesses and neighborhood-serving business districts. When well-defined and organized, a sustained "buy local" campaign can boost local consumer spending and strengthen local culture. “Buying local” from local farms also preserves local farm economy, keeps farmland in use, and provides the freshest, healthiest food to local consumers,

Key Elements of the Plan

- Partner with major supermarket and restaurant chains to identify and promote food products made in Georgia.
- Develop clear identification labels and hand tags and flags for Georgian food products.
- Organize “*Product of Georgia*” product displays in supermarkets
- Develop regional branding and geographic designations. With regional branding, locally grown products are tied directly to their region of origin, providing farmers with a means to increase their marketing power and access consumers’ desire to support local farms and the local economy.
- Hold intra-regional product competitions and fairs.

Potential Collaborating Partners

- REAP grantee fruit and vegetable processors and aggregators
- Supermarkets such as Carrefour, Goodwill, and Smart.
- Large restaurants and restaurant chains
- Ministry of Economy and Sustainable Development
- Ministry of Agriculture

End of REAP Project Targets by Year 5:

Partnerships with at least 2 supermarkets and 1 restaurant chain with “Buy Georgian Campaigns

- At least \$3 million in additional Georgian food product purchases



USAID
FROM THE AMERICAN PEOPLE

REAP Restoring Efficiency to Agriculture Production
საქართველოს სასოფლო-სამეურნეო
წარმოების ეფექტიანობის აღდგენის პროექტი

Activity	2016				2017								2018												
	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	
Launch a National Buy Georgian Campaign																									
1. Identify and establish partnerships with supermarket and restaurant chains interested to cooperate in promotion of food products made in Georgia																									
2. In concert with stakeholders identify products to be promoted as made/ produced in Georgia																									
3. Support supermarket/ restaurant chains to design tags, labels, flags and organize displays/ stands in accordance to international best practices																									
4. Define range of stakeholder supply requirements (quality, volume, frequency, period, appearance, packaging, buy price)																									
5. Identify group of producers interested to supply their produce to supermarket/ restaurant chains																									
6. Support work on development of regional branding and GI including requirements producer/ produce to qualify for a regional branding and GI																									
7. Support interested suppliers to organize around regional brands and GI																									
8. Organize meetings between suppliers and buyers and facilitate reaching of agreement on the terms and conditions of cooperation and buying and selling transactions																									
9. Support promotion campaign of this initiative																									
10. Observe and evaluate facilitated cooperation																									
11. Organize intra-regional competitions and fairs, and support promotion of initiative, events and participants																									



II. Establish a Scalable Drip Irrigation Initiative

Overall Objective

- The objective is to demonstrate the technical efficiency benefits of using drip irrigation for fruits and vegetable production and feed grain such as maize. The increased productivity should result in dramatically higher yields and lower costs of production.

Rationale

- Georgia needs to demonstrate scalable models of production which can dramatically increase yields and product output per hectare. Higher output per hectare can boost production volumes, reduce product imports, decrease unit costs of production, and raise agricultural profitability.

Key Elements of the Plan

- Develop drip irrigation demonstration demo plots and training to at least 20 FSCs and associated farmers
- Work with at least 30 lead farmers to have demo plots demonstrating drip-irrigation technology for target horticultural crops and for maize.
- Develop promotional videos and materials showcasing the demonstration results from using the drip irrigation system.
- Work with banks such as TBC Bank and Bank of Georgia to provide financing to enable farmers to purchase the equipment
- Scale up demonstration program to full implementation working closely with Netafim and expand area under drip irrigation on a large scale.

Potential Collaborating Partners

- Partnership with Netafim, world-class supplier of drip-irrigation systems.
- Demo plots will be focused at least 15 REAP partner FMCs.
- At least 30 lead farmers will be selected by REAP and FMC.
- TMC Bank and Bank of Georgia will provide low-cost financing (to farmers buying the demonstrated equipment)

End of REAP Project Targets by Year 5:

- Drip irrigation technology demonstrated on at least 30 farms and 15 FMCs.
- Farm field days, videos, and social media will be utilized to showcase the results from the pilot demonstrations to establish proof of concept to promote wider replication and scale up.
- Financing and scale up covering at least 3,000 HA.
- Expand production (and replace imports) worth at least \$5 million.



III. Initiate a Supply Chain Management Initiative

Overall Objective

The supply chain management initiative will shed light on current supply chain management and benchmark them with best practices in transport and logistics management. The initiative will introduce more efficient supply chain management practices on key agricultural supply chains.

Rationale

Current supply chain management practices are informal and disorganized leading to dispersed low volumes of supply, high unit costs of transport and logistics and high-post harvest losses.

Key Elements of the Plan

- Organize a national seminar on Supply Chain Management
- Provide REAP TA to work with 2-3 lead firm buyers or processors on 2-3 pilot supply chain management initiatives.
- Pilot initiatives will focus on: organizing and aggregating supply; storage; transport and logistics, and overall product tracking and quality control with quality check points.
- Assist Georgian producers in supplier networks to work out production, input supply and harvesting/packing schedules which will result in more advanced logistics capacity.
- Develop and share best practices in supply chain management and transport and logistics.

Potential Collaborating Partners

- REAP grantee fruit and vegetable processors and aggregators
- Transport and logistics companies

End of REAP Project Targets by Year 5:

- At least 3 product supply chains with improved efficiency
- 15% reductions in product transport and logistics costs in the 3 supply chains



USAID
FROM THE AMERICAN PEOPLE

REAP Restoring Efficiency to Agriculture Production
საქართველოს სასოფლო-სამეურნეო
წარმოების ეფექტიანობის აღდგენის პროექტი

Activity	2016												2017												2018			
	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A				
Initiate a Supply Chain Management Initiative																												
1. Organize a national seminar on Supply Chain Management																												
2. Identify 2-3 lead firm buyers or processors on 2-3 pilot supply chain management initiatives including organizing and aggregating supply; storage; transport and logistics, and overall product tracking and quality control with quality check points.																												
3. Identify product suppliers and assist them to work out production, input supply and harvesting/packing; labeling schedules which will result in more advanced logistics capacity																												
4. Disseminate best practices in supply chain management and transport and logistics through seminars, media coverage with the focus on advantage on improved practices vs "conventional" practices																												
5. Scale up this initiative by involving 10 buyers and 50 suppliers																												



IV. Product Focused Import Replacement Initiative

Overall Objective

The objective of this initiative is to increase market sales from Georgian producers working in the top 9 product areas, in response to the market preferences and requirements articulated by Georgian buyers.

Rationale

Georgian buyers have articulated specific quality, grades, varieties, packaging and labeling requirements, and preferred delivery terms, and price points, as well as best seasonal windows. They have also specified the main Georgian products which they believe can best replace imports in the shortest period of time.

Key Elements of the Plan

- Retail chains will require Georgian suppliers to offer reliable capacity to schedule production and delivery of a range of products, while meeting all their quality and certification requirements.
- Facilitate enhanced buyer-seller market linkages in the form of actual deals to serve as the most effective catalysts for driving improvements or upgrades in the 9 target product value chains.
- Provide TA and training to producers and processing companies as they change their business practices and meet specific requirements of Georgian buyers.
- REAP TA will provide guidance on improving packaging and labeling, and cold storage management.
- Tap embedded services of buyers. One of the most effective techniques is to involve strategic buyers in providing “embedded services” to support suppliers and strengthen their own sourcing chain.

Potential Collaborating Partners

- REAP grantee producers, processors and aggregators
- Supermarkets such as Carrefour, Goodwill, and Smart.
- Large restaurants and restaurant chains

REAP Project Targets by Year 5:

- At least 20 local market sales transactions facilitated with REAP technical assistance/
- At least \$ 5 million in sales transactions within the 9 products targeted.



USAID
FROM THE AMERICAN PEOPLE

REAP

Restoring Efficiency to Agriculture Production
საქართველოს სასოფლო-სამეურნეო
წარმოების ეფექტიანობის აღდგენის პროექტი

Activity	2016												2017												2018			
	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A				
Product Focused Import Replacement Initiative																												
1. Identify retail chains and suppliers interested to participate in this initiative																												
2. Through bi- and multilateral meetings with buyers/ retail chains define their procurement requirements																												
3. Review these requirements with suppliers in details																												
4. Support suppliers to carry out cost-benefit analysis to evaluate with- and without involvement scenarios (e.i. suppliers to adjust their production and post-harvest handling practices per buyer requirements)																												
5. Determine gaps in supplier capacities to meet buyer requirements, and design TA and training programmes																												
6. Provide TA and carry out training of suppliers including guidance in improved packaging, labelling and cold storage management																												
7. Design and provide TA for buyers allowing development of "embedded services"																												
8. If required, in cooperation with buyers, other donor projects, the Government and financial institutions design financial instruments allowing suppliers to address gaps requiring finances																												
9. Facilitate to the agreement between suppliers and buyers																												
10. Observe and evaluate financial effect of facilitated partnership on suppliers and buyers																												
11. Promote partnerships, results and implications through media, seminars																												



ANNEXES

Annex 1: Terms of Reference

Restoring Efficiency to Agriculture Production Activity in Georgia

SCOPE OF WORK Domestic Market Assessment

CARANA

1. BACKGROUND:

USAID’s Restoring Efficiency to Agriculture Production (REAP) is a market driven and result oriented enterprise development project that increases incomes and employment in rural areas by delivering firm-level investment and tailor made technical assistance to agribusiness enterprises that provide inputs, services, training and cash markets to smallholder farmers. REAP catalyzes increased private sector investment and commercial finance to the sector, mitigates risks for rural small and medium sized enterprises (SMEs) and entrepreneurs, and expands commercially sustainable linkages among producer, postharvest enterprises and end markets. To ensure the long term sustainability and success of these investments, REAP delivers market driven tailored technical assistance and group trainings to agribusiness enterprises and smallholder producers.

2. OBJECTIVES:

It is essential that Georgia addresses the substantial agricultural trade imbalance it is now facing. The rising imports of agricultural products are a mounting economic problem. The REAP program can be a catalyst for tackling the problem by utilizing a market oriented approach to stimulate the domestic market and offsetting imports. The objective of this consultancy is to undertake a broad analysis of sectors and products with the potential to meet domestic market demand and offset imports. The consultancy will evaluate gaps in the production and marketing of these products and identify areas where these companies can upgrade and improve their sales on the domestic market. A local STTA will assist the international consultant during the assessment.

3. PRINCIPAL DUTIES AND RESPONSIBILITIES:

- The consultants will assess sectors and products with the potential to meet domestic market demand. The consultants will analyze business models, products, buyers and gaps in local marketing/production that can be improved to stimulate domestic sales. REAP will work closely with the consultant prior to departure to define the initial sectors and products for the assessment.
- Develop list of buyers to interview to better understand product specifications.



- Provide REAP’s management and USAID (if requested) with a mid-term presentation to discuss initial findings and to refine the remaining assessment.
- The assessment should identify both supply side constraints (i.e. wrong variety, poor marketing, inappropriate quantities) and buyer constraints (i.e. unfavorable payment terms) and provide detailed recommendations for overcoming these constraints (including ways to leverage project TA to support).
- The assessment should focus on products produced by REAP grantees and specific non-grantees – REAP will arrange these interviews
- The assessment will result in an Action Plan with specific recommendations and guidance on sectors, products, buyers and suppliers to work with. The Action Plan will outline the requisite training or inputs needed to scale-up their production for import substitution, domestic marketing needed and next steps for implementing improved buyer-seller relationships.

4. DELIVERABLES:

- A written report including assessment findings and recommendations to REAP on which sub-sectors and products have the most potential, including their challenges and areas to upgrade.
- Detailed Action Plan with next steps for REAP and specific recommendations on how REAP could partner with buyers and suppliers to provide support.
- Debrief at the end of the assessment with the REAP team in Georgia and USAID (if requested).
- List of meetings with contact information.

5. PERIOD OF PERFORMANCE

- This assignment will take place primarily in-country with a few days to finalize deliverables upon return. Total LOE for the international STTA will be 23 days including 3 travel days. The local STTA will also have 20 days of LOE to provide pre-trip organization and support finalizing the deliverables. CARANA’s Case Leader will provide close monitoring and technical oversight during the assignment to ensure continuity beyond the consultant’s involvement.



Annex II: List of People Seen

Organization	Activity	Name of Person	Contact number
Express Delivery Ltd	Restaurant supply Company	Nika Zautashvili	571222244
BioLine Georgia Ltd	Fresh Fruit and Vegetable Distributor	Giorgi Ksovreli	593317733
Gile Coopetarive	Blackbery, Peach Nectarine Production	Izoldi Kitesashvili	599781445
Rular Advisory Service	Agricultural inputs, potato, onion, carrots	Guram Jinchveladze	599517891
Santa Ltd	Cheese Production	Darejan Kanteladze	599974431
Zena Ltd	Dairy production	Vasil Basiladze	595075253
Nikora Ltd	Supermarket Chain	Giorgi Nairashvili David Urushadze	595074375
Chventan Ltd	Fresh Fruit and Vegetable Distributor and Retailer	Miranda Kemoklidze	599507171
Herbia Ltd	Herbs producer, collector, distributor	Revaz Janelidze	599516077
Viniphera Lrd	Table Grapes	Teimuraz Shurgaia	599373011
Marshe Ltd	Supermarket Chain	Levani Chiteishvili	599979298
Georgian Fruit Company Coop.	Fresh Fruit collector and Distributor	Giorgi	577112117
Cartlisi	Input Supply Company	Soso Meparishvili/ agronomist	599569338
FAO/ ENPARD	Capacity Strengthening of the Ministry of Agriculture	Edward Shermadini/ agronomist; GAP expert	599212814
Dezertiri Bazari	Open wholesale and retail market	Malkhazi	-



Annex III: Interview Guide

Domestic Market Assessment Interview Questionnaire

Introduction

USAID's Restoring Efficiency to Agriculture Production (REAP) project is a development project that increases incomes and employment in rural areas by delivering firm-level investment and technical assistance to Georgian agribusiness enterprises.

It is essential that Georgia address the substantial agricultural trade imbalance it is now facing. The rising imports of agricultural products are a mounting economic problem. The REAP program can be a catalyst for tackling the problem utilizing a market-oriented approach to stimulating the domestic market and offsetting imports.

The objective of this consultancy is to undertake a market analysis of the agricultural products areas with the greatest potential to meet domestic market demand and offset imports. The consultants will identify products for which there is strong demand in the Georgian market but where there are gaps in the production and marketing of these products. The study will identify areas where Georgian agribusiness companies can upgrade and improve their sales on the domestic market.

We have a few questions that we would like to discuss with you which are listed below. Your cooperation with this survey is very much appreciated.

Questions for Georgian Food Buyers

1. What are the primary food and agricultural products that you sell?
2. To whom do you sell your food and agricultural products?
3. For which of your food and agricultural product categories are sales growing the most rapidly?
4. What are your primary selection factors used in making your sourcing decisions? *(For example, product specifications, preferred varieties, pricing, volumes, time and reliability to market, recommended seasonal windows, service and delivery requirements, or logistics, etc.)*
5. For your principal food products, what quantities do you rely on from your suppliers?



6. Who are the main suppliers (or categories suppliers) of your food and agricultural products (or inputs)?
7. How would you benchmark Georgian suppliers compared with competition from imports in terms of price, quality, and ability to deliver products?
8. If imported, why do you not purchase from Georgian producers? Have you ever sourced food products/inputs from Georgian producers?
9. What would Georgian producers need to change in order for you to purchase from them (product specifications, quality, price, volume or delivery etc.?)
10. How interested would your company be in collaborating on a pilot initiative with the REAP project to begin sourcing from local producers?
11. What type of assistance would be most helpful for the REAP to offer (either on the supply side or on the demand side, or on both sides) to make this local sourcing initiative most successful?



Annex IV: REAP Grantees Working in Target Import Substitution Value Chains

Activity	REAP Grantees
Apples	<ul style="list-style-type: none"> • Giorgi Tediashvili • Iveria Ltd • Georgian Business Zone Ltd, Georgian Fruit Company Cooperative • Nugzar Papunashvili • ELENIKSTA Ltd • Georgian Fruit Company Ltd
Carrots	Rular Advisory Service
Corn	Lomtagora Ltd.
Potato	MTP Ltd.
Onion	Rular Advisory Service
Cucumber	Valerian Mgeladze
Plums	<ul style="list-style-type: none"> • Eleniksta Ltd • Marina Akolashvili